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# FINANCIAL TIMES

No. 26,754

Thursday August 28 1975

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## NEWS SUMMARY

### Blast rocks soldiers' pub

Three people were seriously injured and many others hurt when a bomb ripped through a public house in the Surrey army town of Caterham. Police said the remains of a parcel were found at the scene and all pubs and clubs in the town had been evacuated.

The public house, the Caterham Arms, is less than 100 yards from Caterham Barracks and several members of the 1st Battalion Welsh Guards were among the injured. Another suspect parcel was found in a nearby club. Within minutes of the blast, at 9.31 a.m., a fleet of ambulances was ferrying the injured to neighbouring hospitals. At Redhill General Hospital, a casualty department nurse said: "We are up to our necks in it."

The Caterham blast is the first bombing since January in the U.K. when six bombs went off outside buildings in London and Manchester. It is the first pub bombing since two Birmingham pubs were wrecked in November last year, when 19 people died. The horror of the Birmingham bombings led to the IRA truce which began just before Christmas, but has been on the brink of collapse since the recent upsurge of violence in Ulster.

## National Institute urges moves to cut unemployment

BY MICHAEL BLANDEN

Government action to boost the economy and prevent further rises in unemployment next year could be needed to ensure continued success for the pay policy, the National Institute of Economic and Social Research argues in its latest Review.

Supporting the new counter-inflation moves, the independent institute nevertheless points out that if unemployment increases too fast trade union support for the pay policy could turn to "outright opposition". This would make it difficult for the Government next year to move on to the second stage of its counter-inflation policy.

The 26-week pay rise limit is seen as the only alternative to allowing the economy to "move further into massive slump with unemployment rising to unknown heights for an unknown length of time". The institute states that it is "vital" that the new policy should succeed. The publicity surrounding the introduction of the new policy has "served to make the starting nature of recent developments in the 'real' economy." These suggest that as long as the pay limit is held to, "the focus of concern is now likely to shift rapidly away from inflation and the balance of payments and towards unemployment."

These arguments are likely to strengthen the hand of union leaders at next week's Trade Union Congress in calling for the Government to pump more spending into the economy. In recent statements, the Prime Minister has linked the solution of the unemployment

the U.K. at present is being forced to follow "the degree of unemployment in the rest of the world," even though "we think that unemployment is not the correct instrument with which to adjust the balance of payments."

"If this situation continues for much longer, the pressure for import controls will become very strong, possibly resulting in direct action by some groups refusing to handle imported goods."

"In a world in which the levers are to be used to reduce unemployment, the U.K. should make it clear that it cannot allow its unemployment level to be dictated indefinitely from outside." This must be particularly so at a time when maximum acceptance of the new incomes policy is required.

Converted action is needed internationally, the economists maintain, with other countries which can afford to expand and take a firm expansionary lead. At present, the U.K. economic strategy is simply "to wait for the upturn in the world economy to raise U.K. exports and thereby set in train renewed growth of output."

The world upturn is already "late," the institute points out, though the U.K.'s balance of payments is improving. Continued on Back Page Editorial comment, Page 12 See also Page 7

## Pearl lifts car premiums again

BY ERIC SHORT

ANOTHER motor insurer, Pearl Assurance, has been forced to increase its premium rates for private motorists for the second time within six months. The company, which insures about 200,000 motorists, is raising premiums by 17 per cent. from October 1, having lifted them by 14 per cent. in June.

It warned that in future it might have to revise its rates quarterly in order to balance its motor account.

Last month a leading motor insurer, Sun Alliance and London Insurance, announced that it was increasing its motor rates from August 1 by 18 per cent., only four months after the previous revision.

Motorists renewing their policies with the Pearl after September will pay on average 33 per cent. more for their insurance than those renewing before June. The company stated last night that the motor account had substantially deteriorated.

The Pearl also gave a warning that it might make rate adjustments on a quarterly basis. With inflation at such a high rate it was "inevitable" that insurers would look to frequent changes in premiums to balance the account. The company would consider the position when the results for the whole of 1975 were available.

In addition to Sun Alliance, other leading motor insurers which have recently made substantial premium increases include Provincial Insurance, where the increase was a record 30 per cent.; National Insurance and Guarantee, which increased its rates by 10 per cent.; and Cornhill Insurance, up 18 per cent.

Warnings that motor premiums would have to be revised more frequently than yearly have been made over the last few months by members of the insurance industry, most notably the outgoing chairman of the British Insurance Association, Mr. Aonghaís Macdonald, in June.

Details, Page 15 Lex, Back Page

## £1bn. boost for German economy

BY JONATHAN CARR

SONN, August 27

WARNING THAT recession in the Western world can only be overcome through joint efforts by the industrialised nations, the West German Government today approved a DM5.75bn. (£1,060m.) programme to help boost the economy. At the same time, it passed a 1975 supplementary Budget of DM15.1bn. — action made necessary through a recession-induced shortfall in tax revenue and increase in public expenditure.

The programme is the German contribution to that series of international measures which Chancellor Helmut Schmidt hopes will at last bring an economic upswing.

None the less, although the German programme is marginally larger than expected here — DM5.5bn. was the latest official estimate up to last night — the claims being made on its behalf are notably more restrained than those of the U.S.

The key object of the programme is to provide anti-cyclical measures to help the hard-hit construction industry through the winter and to "improve conditions" for a rise in production and employment. The jobs total stands at more than 1.5m. before the winter is out.

The major single provision is for expenditure of DM2.45bn. by the Federal Government, the Länder and the municipalities together on communal and city infrastructure projects.

Another DM1.2bn. is to be provided by the Federal Government alone for civil engineering projects, while a further DM500m. goes to the Federal Employment Office to help create more local job opportunities. There is also cheap credit for housing construction and DM700m. for the modernisation of up to 300,000 dwellings.

None of this goes as far as several countries — including Britain — had been hoping for. And certainly no immediate surge in German imports can be expected to flow from this package.

However, the Government insists the programme must not be

seen in isolation. It is in fact the fourth recessionary plan introduced by Bonn in the last 18 months, the last being the DM1.7bn. package last December. Beyond that, a tax reform at the start of this year has put an extra DM1.4bn. in private hands.

Further, the Bundesbank has long been flanking the Government's efforts to set the economy moving upwards again by its monetary policy.

### French plans

The French Cabinet was yesterday believed to have decided to increase from Frs.15bn. to about Frs.25bn. its planned boost to the economy expected on September 4, Page 6.

Meanwhile, the U.S. Commerce Department's index of leading indicators showed a strong 1.7 per cent. increase during July, Page 4.

Increasing bank liquidity substantially and dropping discount and Lombard rates.

Finally — a point stressed again by the Government today — those who demand a larger programme must make plain how they feel it can be financed. The supply of money, budget has been approved, and it has become clear that the Federal Government alone is expecting a shortfall of some DM18bn. this year.

It has been covering this deficit on the credit market, but has in the last month or two been experiencing increasing difficulties in doing so. The same goes for the Länder.

Without very extensive savings measures it is expected that the Government's deficit next year will increase to more than DM40bn. There will be constitutional as well as economic difficulties in the way of borrowing such a sum.

The coalition partners have thus been preparing the public for savings measures — but are now finding it hard to nerve among themselves on a programme which will improve the situation more than marginally.

## GENERAL

### MP free on bail of £40,000

Mr. John Stonehouse, MP for Walsall North, was freed on £40,000 bail — £10,000 in his own recognisance and two sureties of £15,000 — by Bow Street Court. He must report daily to police between 8 and 10 a.m. except on Sundays and notify them of his address.

It was the eighth attempt by Mr. Stonehouse to gain his freedom. His solicitor, Mr. Michael O'Dell, admitted: "We were caught on the hop and had no idea that bail would be granted." There will be no bar to Mr. Stonehouse functioning normally as an MP and taking part in debates when the Commons resumes. It is thought.

### Sinai troops pose problem

With almost all the issues in the public Egypt-Israel agreement resolved, Dr. Henry Kissinger, U.S. Secretary of State, is now working out the details of a "secret" tripartite agreement between the U.S. and Israel, plus a separate bilateral agreement between the U.S. and Israel. The number and function of U.S. troops in Sinai has still to be agreed. Back Page

### Selassie dies

Hailu Selassie's family was brought from detention in the U.K. when the former Emperor of Ethiopia died, aged 59, at the place where he had been held after being overthrown in a bloodless military coup less than a year ago. Obituary Page 5

### Racing shock

Bustino, Lady Beaverbrook's favourite for the Prix de l'Arc de Triomphe in early October, has retired and will never run again. Allez France, owned by Mr. Daniel Wüstenberg, is now the hot favourite. Today's Racing, Page 2

### Angola peace bid

Angola's two most popular liberation movements are holding talks in Lisbon under strict security cover to find a common platform and achieve a formula for co-operation to lead the country to peaceful independence. Back Page

### Three dead in car

An Army bomb disposal squad detonated explosives found in a car near the bodies of a German-born bomber and his two sons, aged six and three. A hose was connected from the exhaust to the inside of the car, parked near Ulverston in the Lake District, but the car was not booby-trapped. The boys lived with their mother at Marple, Cheshire.

### People and places

Mr. Eamon de Valera, former president of the Irish Republic, who is 92, was reported to be very weak and his condition was causing "much concern" at a Co. Dublin convalescent home.

## CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated.)

RISES	
Allen Harvey & Ross	340 + 20
Alpine Soft Drinks	105 + 11
Bentley	16 + 4
Carpets Int'l	57 + 6
Challenge Cpn.	118 + 6
Dunbee-Combes-Marx	117 + 6
Elect. & Ind. Secs.	46 + 4
Penitron (B.)	58 + 5
Peritron (B.)	78 + 3
Harris (A.P.)	26 + 3
Horizon Midlands	139 + 4
Ladbroke	139 + 4
Matthews Wrightson	132 + 6
Plaxtons	63 + 4
Reef Executive	41 + 4
Stanley (A.G.)	73 + 4
Thornhill (R.W.)	48 + 4
Ayer Hiram	147 + 5
Reynoldsville	89 + 4

Hampton Areas	94 + 6
MIN Holdings	206 + 16
Parcontinental	610 + 10
Selection Trust	540 + 15

FALLS	
Assoc. Newspapers	90 - 10
Bladen & Nokes	94 - 4
British Leyland	32 - 3
Finlay (Jas)	139 - 4
Glaxo	343 - 7
Hestair	56 - 4
IC Gas	856 - 4
Ozolid	135 - 4
Thomson Org.	170 - 4
RP	520 - 10
Shell Transport	326 - 8
Cons. Gold Field	221 - 7
Cons. Gold Field	270 - 10
De Beers Ltd.	318 - 4
Durbah Deep	800 - 25
North Broken Hill	120 - 2
Western Holdings	235 - 1

## Loyalists refuse to yield on Ulster power sharing

BY GILES MERRITT

THINLY-VEILED Loyalist threats that many Ulster Protestants leaders will abandon politics for violence if the British Government rejects demands for majority rule without power-sharing last night signalled the fast approaching end of Ulster's Constitutional Convention.

Although the private inter-party talks between representatives of the Loyalist UUCG coalition and the Catholic SDLP resumed in Belfast last night, it was clear that the two three-man negotiating teams had reached deadlock on the issue of power-sharing.

The Unionist coalition has refused to extend its offer of participation in powerful executive committees to membership of the Cabinet, and the SDLP has not been prepared to accept anything less.

It now remains for the inter-party negotiators to announce they have "agreed to disagree" and the 78-member Convention will probably re-assemble next Tuesday.

The confidential inter-party talks began almost three weeks ago in a deliberate attempt by both sides to bypass their more militant backbenchers inside the Convention, but there now seems little alternative to placing the issues before the full assembly.

The result of the Convention debate will inevitably be a report to Westminster passed by the 46-strong UUCG majority rejecting power-sharing in defiance of the British Govern-

ment's guideline that the Convention was to outline a form of devolved government that included it.

Loyalist leaders are now mounting a campaign of sabre-rattling apparently in the hope

implication was that the Convention has failed and would produce its negative majority report well in advance of the November 8 deadline.

Mr. Baird said that the Convention would report and its findings would be acceptable to "the overwhelming majority in the Convention." He added that if Westminster rejected the report, this could lead to "many leading public figures having no alternative but to abandon the political scene and try to bring pressure to bear in some other way" to ensure that the obvious will of the majority in Northern Ireland was heard.

Meanwhile, Mr. Oliver Napier, leader of Ulster's centrist Alliance Party, which last week made an unsuccessful bid to mediate between the UUCG and SDLP, warned that the Province was now on the brink of all-out violence and breakdown into civil chaos.

In a BBC interview last night, Mr. Rees denied that Ulster was sliding towards civil war. "There are large numbers of soldiers here. We are not abdicating responsibility," he said.

Ulster politicians had "a very grave responsibility and he and others involved would be on trying to find a solution" to this age-old problem," he said.

Referring to the report from the Convention members to Westminster, he said this would be put to the U.K. Parliament and then the situation would be looked at. If it failed "we could put ideas forward ourselves and there is room for plebiscite."

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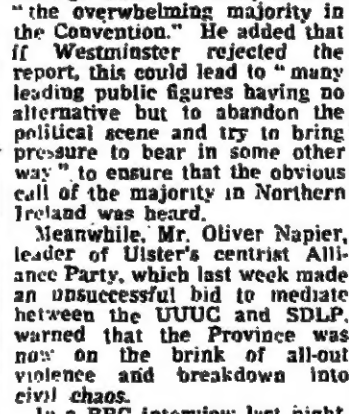
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Mr. Merlyn Rees

## Keyser Ullmann loan silence

BY STEWART FLEMING

KEYSER-ULLMANN shareholders were refused any further details of the bank's loans to directors or to the companies in which directors have a holding of over 10 per cent. by Mr. Derek Wilde, chairman, at the annual meeting yesterday.

At one stage last year the bank had committed £7.4m. to such borrowers but the figure had fallen to £2m. by March this year.

Mr. Wilde also revealed that, following the publication of its annual results that showed a loss of £51m., Keyser Ullmann had to increase its dependence on financial support from the "lifeboat fund" for secondary banks provided by the Bank of England and clearing banks.

Mr. Wilde said that before the publication of the worse-than-expected loss the bank had borrowed £33m. from the support consortium. Immediately afterwards Keyser Ullmann had to draw a further £2m. However, following consultations with its banking customers the figure has

now fallen back to £33m. The bank hoped to eliminate its dependence on the consortium by the end of its current financial year next March.

Mr. Wilde, who took over as chairman earlier this year from Mr. Edward du Cann, leader of the 1922 group of backbench Conservative MPs in the Commons, had been asked by Mr. Abraham Kramer, a shareholder, to give greater details of the bank's lending to directors.

Mr. Kramer asked whether the substantial advances had been approved by the main board; what the repayment terms were; and whether the loans had been made on normal banking terms.

He also questioned the compensation of £27,000 paid to directors for loss of office and urged the appointment of a small committee of shareholders which could be circulated with further information regarding the rescue operation for the bank. "The past is not something which can just be written off as finished," he said.

Replying, Mr. Wilde said that

it would breach a banker's confidential relationship with clients to give further details of loans to directors.

The loans were made in the ordinary course of business, Mr. Wilde said, adding that directors would not be treated differently from other customers.

He confirmed that the compensation of £27,000 was paid to Mr. Jack Dellal and Mr. Stanley Van Gelder who resigned in July 1974.

To murmurs of surprise from shareholders he added that the annual meeting was not required to approve these payments because they were agreed after the two directors had resigned.

"It does seem to be a loophole but I hope you accept this," he said.

On the question of a shareholders committee, Mr. Wilde did not think it would help the directors to have somebody behind checking what they were doing. "We want now to be left in peace for a while."

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## WORLD TRADE NEWS

## Hoechst's link with Kohjin in the balance

TOKYO, August 27. HOECHST AG will withdraw for amendments its application to set up a joint venture chemical project with Japan's Kohjin Company, Mr. Alfred Dienst, president of Hoechst Japan, said today.

He said the future of the project, announced last week, would depend on whether, and on what terms, Kohjin was to be rehabilitated, or whether it was to be declared bankrupt.

Mr. Dienst added if the project went ahead, it may have to be with a partner other than Kohjin.

The joint venture plan called for the setting up of Hoechst Kohjin Kogyo KK, to be owned 60 per cent by Hoechst AG, 10 per cent by Hoechst Japan and 30 per cent by Kohjin.

The new firm was to construct a plant on a Kohjin site at Sasei in Japan's southernmost island of Kyushu.

Mr. Dienst said the site was a highly favourable one which Hoechst still hoped to use, but he noted Kohjin might have to sell it as part of the disposal of its assets.

Reuter

## Higher U.K. car exports in July

FINANCIAL TIMES REPORTER

BUOYANT exports of commercial vehicles and motor components boosted Britain's motor trade surplus to \$158m. last month, bringing the "balance" of the industry's trade to \$880m, for the first seven months of the year.

Export earnings in July came to a record \$260m—50 per cent up on the same month of last year—while imports rose \$30m, to \$102m.

Despite the growing chorus of protests about the penetration of imported cars into the U.K. market, the value of car exports during the month, at \$51.8m, was still larger than the value of imports, at \$31.6m.

Commercial vehicles showed a dramatic 81 per cent rise to \$47.7m last month, compared with July, 1974, when car exports were valued at \$13.6m.

The most important contribution to the overall increase came once again from the motor industry's biggest foreign exchange earners—components, parts and accessories.

Overseas sales in this category—which includes parts to be used as original equipment in foreign vehicles—were 26 per cent up at \$108.8m, while imports of similar products rose 19 per cent, to \$24.8m.

For the first seven months of 1975, motor industry exports totalled \$1,527m—an increase of 44 per cent on the same period last year, and exceeded imports by \$800m.

## KOREAN LEATHER &amp; FOOTWEAR SPECIAL SHOW

Hilton Hotel, Park Lane, London W.1.  
Sept. 1st, 2nd, 1975 (9.30-12.30, 1.30-5.00)

Inquiries: KOREA TRADE CENTRE  
28 Charing X Road, London W.C.2. (Tel: 240 3192)

## Trade Development Bank Holding S.A.

Consolidated Balance Sheet as at 30th June (unaudited).

	(US \$000's)	1975	1974
<b>ASSETS</b>			
Cash in hand and balances with banks		681,373	598,218
Banks certificates of deposits, notes and bonds		450,695	430,325
Precious metals (against which were forward sales of US\$ 98,185)		110,833	33,823
Government and municipal securities (U.S.A. and G.B.)		256,672	230,101
Current accounts, advances to customers and bills of exchange		782,114	719,882
Other assets		55,796	51,151
Goodwill arising on consolidation		3,183	3,183
Investments		11,093	5,659
Fixed assets		34,279	26,400
		<b>2,386,018</b>	<b>2,128,742</b>
<b>LIABILITIES</b>			
Deposits, balances due to customers and loan reserves		1,993,139	1,812,027
Other liabilities		150,757	110,410
Loan capital		20,000	20,000
Capital notes		34,880	15,788
Minority interest		36,855	34,861
Shareholders funds:			
Share capital		24,605	24,605
Reserves		115,513	100,883
Net earnings as at 30th June		10,487	10,388
		<b>242,122</b>	<b>206,305</b>
Total capital funds employed		<b>2,386,018</b>	<b>2,128,742</b>
Letters of credit and guarantees		81,493	102,947

For the six months ended 30th June

Net earnings after tax, minority interest and transfer to inner reserves	10,487	10,388
Earnings per share	\$0.64	\$0.67
Number of shares issued	16,403,300	15,500,000

\* Includes US\$ 20 millions 8 1/4% Capital notes Republic New York Corporation due 1982 issued to the Federal Deposit Insurance Corporation in relation with the acquisition of American Swiss Credit Co. Ltd. on March 31, 1975.

\*\* This amount includes US\$ 1,355,000, representing 903,800 shares issued on September 27, 1974, following the merger of Republic National Bank of New York and Kings Lafayette Bank.

## Principal Subsidiaries

Trade Development Bank, Genève  
Republic National Bank of New York, New York  
Trade Development Bank (Luxembourg) S.A., Luxembourg  
Trade Development Bank (France) S.A., Paris  
Trade Development Bank Overseas Inc., Panama City.

## Row over Japanese car investment

BY OUR OWN CORRESPONDENT

SYDNEY, August 27.

THE AUSTRALIAN Government has decided to go ahead with plans to allow Japanese groups to establish local operations despite protests from other manufacturers and unions.

The Japanese groups will join Chrysler Australia and the Government-owned Australian Industry Development Corporation in a \$100m. plant to produce four cylinder engines in South Australia.

All four partners will each have a 25 per cent share. The proposal involves revamping an existing Chrysler plant and it is expected to start operations in 1978 at an annual production rate of 200,000 engines.

At present, four-cylinder engines are made in Australia. The Government originally hoped that the other major manufacturers—General Motors, Holden's and Ford—would also join the venture. GM-H had looked at it but is now thinking of producing its own four-cylinder engines while Ford is expected to continue importing its requirements.

The latest plans will give Australia five major manufacturers for a market of 600,000 vehicles a year, expected to reach 800,000 a year by 1980. The unions fear that at least one manufacturer will not survive and that entry of the Japanese could result in the loss of thousands of jobs. The local industry is heading into a sharp slump with sales dropping away

## Six freighters will replace super-tanker

By James McDonald, Shipping Correspondent

THE AG Weser German shipyard and the Esap-Lloyd line have agreed to cancel a contract for a \$65,000 deadweight ton oil tanker.

Instead, AG Weser will build for Esap-Lloyd six multi-purpose freighters, each of 16,000 deadweight tons, for delivery between mid-1977 and mid-1978.

## Nigeria Far East line set up

By James Buxton

A NIGERIAN company has established a shipping line to trade between West Africa and the Far East. The line, the Nigerian Far East Line, is the first Nigerian shipping line in private hands. There is already a state-owned Nigerian shipping company.

The Nigerian Far East Line has been established by Henry Stephens Shipping Company, a branch of Chief Henry Stephens, a well-known shipping magnate. Henry Stephens has taken delivery of a 10,000-ton motorship, the Sienia, which is being bought from the Danish-registered East Asiatic Company (EAC). A sister ship, the Sibonga, is to be delivered next month.

The line will carry West African, principally Nigerian, agricultural produce to the Far East, mainly Singapore, Hong Kong and Japan, and bring back manufactured goods, especially Japanese cars.

EAC is a minority shareholder in the venture and will initially provide technical help in operating the line. The ships will be offered by Dames but the seamen will be Nigerian. EAC's office in Hong Kong will be the regional office for the line in the Far East.

The price being paid for the ships is not being disclosed. They were both built in 1963/4 in Denmark. The new line has applied to become a member of the Far East-West African conference lines which will allow it some priority at the highly congested port of Lagos.

## U.S. group in \$15bn. Saudi bids

ATLANTA, August 27.

News Industrial Corporation subsidiary and the International division of Charles T. Main.

As far as "I know," Mr. Cadell said, this is the only U.S. group already approved by the Saudis to bid in the "world-wide competition" for the projects in which Japanese, West German and British groups are expected to be "principal competitors." He said he did not know the composition of any potential rival groups.

The U.S. group, he said, won approval from Prince Mohamed Faisal, Governor of the Saudi Arabia Energy Conversion Corporation, at a private meeting on July 16 in Washington. He said that each of the six companies had a representative at the meeting and that Prince Faisal said that their group was the only one in the U.S. he had approved.

Mr. Cadell said the Saudis plan to build a desalination plant to produce water for the Saudi oil fields. The plant is to be built in pairs so that steam required in the desalination process will be produced by the power plant.

Although the size of each pair of plants is not known yet by the U.S. group, he speculated that each pair would cost \$500m. to \$1bn. or more.

He said that "the bid documents on the first job are supposed to be out in the next week or so" and that they will contain specifications and bidding and completion deadlines.

Although Prince Faisal said in Washington and the contract is to be let by the U.S. group, Mr. Cadell said "there is no way that one single group (of contractors) could handle the whole \$1bn. programme in such short span of time. Thus, he indicated, the completion schedule suggests that several groups will be needed to handle the work."

He also noted that Prince Faisal said the \$15bn. outlay covers only the power and desalination plants, so the Saudis plan to spend "another \$300m. on water, sewer and transmission lines and other support facilities. In all, it's a \$45bn. programme," Mr. Cadell said.

This voluntary restraint in importing is to continue until late March 1976 when the Finnish import deposit system will be abolished. That system is already beginning to bite and is expected to hurt importers more as the autumn draws on.

But the Finnish Government has told the International Monetary Fund that it will gradually ease the deposit system before it finally abolishes it. At present, importers must pay an average of 20 per cent of the value of landed goods into a special account for six months.

## More Finnish import cuts

BY LANCE KEYWORTH

THE BIG trading co-operatives and central organisations for wholesale and retail trade in Finland have agreed voluntarily to make cuts in their imports of consumer goods in the textile and clothing, footwear and hardware lines. The object is to help improve the present serious trade deficit.

The decision follows a similar

## Sanko in shipping agreement

TOKYO, August 27.

Sanko Steamship of Japan, has agreed to set up a joint shipping firm with Saudi Arabian interests.

A Sanko spokesman said the new company, Sabiba Shipping Corp., is capitalised at the equivalent of \$10m. and will have its headquarters in Jeddah.

Sanko will own 40 per cent of the new company while Saudi Arabian investors, including Prince Fahd bin Salman and 14 importers of Saudi Arabia, will own the remainder.

He added that the joint venture plans to own and operate oil tankers, freighters and bulk carriers but will first charter foreign ships since Saudi Arabia does not have a merchant marine law. Sanko will help manage the new firm and train both land personnel and ship crews.

AP-DJ

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## IN BRIEF

## BOC for Peking

A nine-man delegation from BOC International is going to Peking to present technical papers on BOC products and services and for talks with Chinese engineers and medical experts. Leading the team which leaves on October 10, will be BOC International's director-general of development, Mr. Michael Raikes. Support for the week's visit has come from Mr. Peng Jun Min, Chinese Commercial Minister in London, who met BOC International's chairman, Mr. Leslie Smith, and other board members early last year.

## Cryopants order

CRYOPANTS of Edmonton, North London, has won a contract worth more than \$1.5m. for a tonnage oxygen plant from Canadian Oxygen (Canox). The plant, which is due for delivery in 1978, will supply up to 125 short tons of oxygen or nitrogen a day. It will also supply argon for industrial uses.

## Swiss watch fall

Exports of the Swiss watch industry totalled Sw.Frs.1,440m. for the first half of 1975 and were thus lower by 18 per cent. than those for the corresponding period of last year, actual volume exports of watches and movements falling by as much as 31.5 per cent. over the period from 42.6m. to 29.1m. units.

## AMERICAN NEWS

## Three-man panel to vet New York finances sought

BY GUY DE JONQUIERES

NEW YORK, August 27.

AN ELABORATE new scheme designed to avert the looming threat of a default by New York City has been hammered out by Governor Hugh Carey and Mayor Abraham Beame.

The centerpiece of the plan is the establishment of a new three-man panel composed of the Governor, the Mayor and State Controller Arthur Levitt, which will oversee the city's finances, and attempt to impose a stricter fiscal regime.

In addition to the creation of the committee, which must be approved by the state legislature, Governor Carey has indicated that he intends to ask for approval of as much as \$1bn. in fresh state aid for the city to help it meet its obligations during the next few months.

The aid would be used to finance a state purchase of short-term notes to be issued by the Municipal Assistance Corporation (Mac), the state-sponsored body set up earlier this year to raise money on the city's behalf. The notes would have to be repaid within a year through the sale of Mac bonds on the capital markets.

It is hoped that the new scheme, which was put together at a lengthy meeting between the Mayor and Governor yesterday, will both bail the city out of its immediate financial crisis and pave the way to a resumption of city bond and note sales, which were halted last spring because of market resistance.

The attainment of these goals, however, hangs not only on the approval of the plan by the State legislature but also on the ability of those involved to convince the major commercial banks and the investing public that the city really has mended its fiscal ways.

Mayor Beame's belated and somewhat indecisive moves to reduce the city's expenditures have not impressed the investment community where growing scepticism has been expressed over his ability ever to correct the situation on his own. These doubts seem to be shared by some of Mr. Beame's own colleagues who deliberately excluded him from a meeting on the city budget last week.

It seems clear that if the new scheme is to work, it will entail the surrender by the city government of a further substantial amount of authority over its own fiscal affairs. This is implicitly recognised in the composition of the proposed committee, on which the majority of the seats are held by State officials.

As currently envisaged, the new committee will control directly the flow of the city's revenues—about \$8bn. annually in taxes and state and federal aid. It will insure that adequate funds are set aside to service any future borrowing done by the city.

The reaction of the major banks to the new scheme, which will be critical to its success, is not yet clear. During the past few weeks they have indicated that they will be unwilling to purchase any new Mac securities until steps are taken to reverse the city's financial deterioration.

But the city has received some mild encouragement from growing indications that the Democratic Party will choose New York as the site of its 1976 presidential Convention. The party, which has been wavering between New York and Los Angeles is due to announce its decision later today.

## U.S. diplomatic reshuffle likely

BY ADRIAN DICKS

WASHINGTON, August 27.

THE SECRETARY of State, Dr. Henry Kissinger, is expected to announce the reshuffle of senior diplomatic jobs apparently intended to consolidate his grip on international energy policy.

Although the State Department has made no official comment on the proposed changes, it has become widely known in Washington that Mr. James Akins, U.S. Ambassador to Saudi Arabia for the past two years, is shortly to lose his post, while Mr. Thomas Enders, Assistant Secretary of State for Economic and Business Affairs, is to leave his responsibilities for energy strategy to become Ambassador to Canada.

According to Press reports here, Mr. Akins—who is apparently not being offered a new job—is to be replaced by the present Ambassador to Ottawa, Mr. William P. Sullivan. Mr. Joseph Greenwald, Ambassador to the European Community in Brussels and previously American permanent representative at the OECD in Paris, will follow Mr. Enders to take Mr. Greenwald's place in Brussels is Mr. Dean Hinton, currently Ambassador to Zaïre and previously a senior member of Dr. Kissinger's National Security Council staff.

Mr. Enders, regarded as a personal protégé of Dr. Kissinger, is said to have fallen foul of his nominal superior at the State Department, Mr. Charles Robinson, the Under Secretary. In addition to such considerations of office politics, however, his position may have been weakened by the fierce opposition elsewhere in the administration to his minimum oil price scheme and to his wish to put some weight behind the International Energy Agency as a consumer countries' bloc.

Nonetheless, his move to Ottawa is by no means a step down. The administration has been forced to take seriously Canadian plans to curtail oil and gas exports over the next few years, and expects to have a difficult time ahead of it in trying to tone down Canadian demands.

Mr. Akins, long a controversial figure in the debate over energy strategy, appears to have lost his job because of the failure of Saudi Arabia to make good on its periodic bids—given wide credence here—to restrain further oil price increases by OPEC as part of a wider American involvement in the Middle East peace process. The Ambassador has long been identified with the "soft" line approach towards the oil producers in the hope of achieving meaningful negotiations with them.

Dr. Kissinger has already got the better of the Treasury Secretary, Mr. William Simon, who attempted last year to establish his own lines of communication with the Saudis in the same spirit of accommodation. In addition, he is said to have quarrelled with Mr. Akins over the Ambassador's independent style of conducting his mission.

## More Japanese investment in Brazil

BRASILIA, August 27.

DEPUTY PRIME Minister Takeo Fukuda of Japan said today that Japanese investment in Brazil will continue on a large scale despite Japan's economic difficulties.

Mr. Fukuda said that President Ernesto Geisel of Brazil will visit Japan next May, and possibly sign a final agreement for the joint venture for a Brazilian aluminium-making project in the Amazon basin.

The visiting official, on the last day of a week-long stay in Brazil, also said that his Government expects that "in the near future we can put the Japanese economy into a phase of recuperation." AP-DJ

## Argentine Army chief resubmits resignation

BY ROBERT LINDLEY

BUENOS AIRES, August 27.

ARGENTINE Army Commander General Alberto Numa Laplane today tendered his resignation to President María Estela Perón to try to end a squabble with five rebel Generals who accused him of meddling in politics.

Senator Perón yesterday rejected his resignation but submitted after the five Generals demanded that he step down. But informed sources said she agreed to let him go provided the rebels accepted General Alberto Caceras, the Commander of the Buenos Aires-based First Army Corps, as his replacement. This would force four of the rebels, who outrank General Caceras, into retirement.

The General's resignation was one of two demands made yesterday by all the eight Generals directly under Gen. Laplane. The other demand was that the new Interior Minister, Army Col. Vicente Damasco, go on to the list of retired officers, was met yesterday afternoon.

Last night also, the Presidential guard, the San Martín Grenadiers, took up positions in considerable force—about 800 troops—at the Presidential villa in the Buenos Aires suburb of Olivos.

## THE CHANCES OF A MEXICAN DEVALUATION

## No longer unmentionable

BY ALAN RIDING, MEXICO CITY CORRESPONDENT

DEVALUATION of the Mexican peso was like a poltergeist in a nervous aunt's attic until recently. The evidence was building up but no one would talk about it. Then someone blurted it out: labour leader Fidel Velazquez said he had seen the shadow of a devaluation, and now everyone is discussing it.

The official reaction was of course to deny all. Sr. Velazquez was accused by the Secretary of Finance, Labour and Industry, and commerce that he had not seen a devaluation but merely a passing balance of payments crisis. The peripatetic president, Sr. Luis Echeverría, sent a message from somewhere in the third world that "the dollar may be devalued, but the peso will not," that is, the peso will remain pegged to the dollar.

Nevertheless, the subject is in the open and economists, bankers, politicians, and journalists are all talking about it without fearing that it will become a self-fulfilling prophecy. After all, in the past, the rumours always circulated, provoking at least once a year a sudden—and temporary—outflow of hundreds of millions of dollars. Now, at least, the economic and political prospects of the country are being examined in relative calm.

One of the criticisms made of the government is that its conservative monetary authorities missed a ready-made opportunity to float against the dollar when the dollar was floated against Western European and the Japanese currencies in August 1971. But since the peso's stability became a pillar of international confidence in Mexico during the boom years following the devaluation in 1954 (from \$40 to 12.50 pesos to the dollar), it was too much to expect an overnight adjustment to float. Having missed that chance, though, the Government has now created expectations of a fixed peso-dollar parity among foreign bankers who have accepted floating currencies elsewhere.

Why the sudden pressure on

## The evidence in favour of a devaluation is by no means overwhelming

balance the chronic trade deficit, has remained unchanged. The private sector, which has demonstrated its dislike for the Government's policy of increasing investment by more than 0.3 per cent a year since 1970, now lacks capacity to step up production and exports. The Government, on the other hand, has been importing enormous amounts of capital equipment for its major infrastructure projects. To pay for it, and to finance the payments deficit, foreign borrowing has increased rapidly, the public sector foreign debt growing from \$3.2bn. in December 1970 to almost \$8bn. by mid-1975. The burden of servicing the debt is rising dangerously.

But the evidence in favour of a devaluation is by no means overwhelming. From a purely political point of view, for example, it is most unlikely that President Echeverría will agree to a devaluation before he leaves office in December of next year and certainly not before the elections in July 1976. His

successor—to be known within the next two months—might plump for a quick devaluation on taking office in order to blame the Echeverría administration for the country's economic troubles.

In the end the economic situation may not even justify such a measure. The Government, for example, is relying heavily on oil exports—now running at 115,000 barrels per day and pulling the country out of the payments crisis. Exports this year—mainly to the U.S. and Israel—will have a net positive effect of \$800m. on the trade balance and should continue to grow next year. An improved current account this year also means that food imports will be reduced during 1975 and 1976. Similarly, if U.S. economic activity picks up, Mexican exports should again begin to increase.

A tactical devaluation to stimulate exports may not even be successful because of the lack of spare industrial capacity and the demand inelasticity of many Mexican products. On the other hand, if businessmen repose confidence in Sr. Echeverría's successor, they will have to increase their imports sharply in order to carry out new investment and expansion programmes. In that case, to devalue might discourage new investment and also produce a further burst of inflation without stimulating exports, while not a devalue would dangerously widen the trade gap.

"Mexico is in a difficult position," one foreign banker said. "At the moment, there is no convincing argument in favour of devaluation and there is still considerable international confidence in the peso. But if the payments deficit and the debt servicing burden continue to grow rapidly, Mexico may well find itself in a position to take full advantage of it."

## U.S. leading indicators up by 1.7% in July

By Adrian Dicks

WASHINGTON, August 27.

IN A FRESH demonstration of the gathering momentum of the U.S. economic recovery, the Commerce Department's index of leading indicators showed a strong 1.7 per cent increase during July. At the same time, the Department issued a revised calculation of the June performance of the index, raising its gain during that month from 1.9 to 2.9 per cent.

The index of leading indicators, regarded by many economists here as an exceptionally reliable harbinger of future trends, has now been rising steadily for five months in a row. The past two months, though, have had gains, though occurred at an unprecedentedly low level of activity, should now satisfy remaining doubts that a recovery is well under way.

Three indicators accounted for the large upward revision of the preliminary June figures—a greater decline in inventories than had been registered earlier, together with a sharper than expected growth in business inventories and in the rate of formation of new companies.

The July preliminary figures, which are also subject to later revision, show strong increases in business orders, in the average work week, liquid assets, stock prices and new building permits.

However, the July figures also reflected on the negative side the sharp increase in wholesale prices during the month and indicated a further decline in new plant and equipment orders.

Meanwhile in a separate report, the Labor Department revealed a 9.5 per cent increase in productivity during the second quarter, reflecting both the continued decline in hours worked and the increase in output achieved during the three months of the quarter. At an annual rate, the Department stated, productivity increased during the second quarter at 4.3 per cent.

## Venezuelan budget cut

CARACAS, August 27.

THE VENEZUELAN Government will cut back budget expenditures next year by almost \$2bn. as a result of slumping petroleum income, according to Finance Minister Hector Hurtado.

Speaking after this week's cabinet meeting, the Minister asserted that the 1976 federal budget will be about \$1,950m.—or 20 per cent—less than this year's budget.

Venezuela, as the world's third largest petroleum exporter, depends heavily on income from its foreign-owned petroleum industry and the lion's share of Government income is derived from taxes and royalties from the oil industry.

The announcement of this major budget cut, after two years of high petroleum income, comes as the Government prepares to take full control of its oil industry, on August 28.

## The Lion



## OVERSEAS NEWS

## Closer Japan-U.S. defence co-operation moves likely

BY CHARLES SMITH, FAR EAST EDITOR

TOKYO, August 27.

JAPAN AND the U.S. will almost certainly agree to set up a "consultative committee" to discuss defence co-operation when the U.S. Defence Secretary, Mr. James Schlesinger, comes to Tokyo for talks at the end of the week with Government officials. They will not, however, adopt a "contingency plan" for joint action in the event of a north-east Asian war, as earlier suggested by some members of the Japanese Government.

The idea of contingency plan, setting out what each country would do if, for example, North Korea invaded South Korea, began to attract the Japanese after the fall of South Vietnam as a means of clarifying and solidifying the U.S. defence commitment to north-east Asia. The idea seems to have been welcomed in Washington where Japan has sometimes been felt to be "not pulling its weight" in regional defence. However, the idea has since run into obstacles on the Japanese side which appear to be as practical as political. These are:

- 1—Japan's small "self-defence forces" are intended to be strictly defensive in function and would be hard for Japan to deploy them outside the national territory as part of a joint effort with the U.S.
- 2—Any suggestion that the U.S. was exercising control over the operation of the self-defence forces would be political dynamite in Japan.
- 3—Japan is in no position at the moment (either politically or financially) to step up expenditure on military hardware in a way which might be required to enable it to collaborate with U.S.

## Miki in Kohjin talks

TOKYO, August 27.

PRIME MINISTER Takeo Miki and Kohjin's President Masayoshi Ohira, today discussed the economic situation arising out of the collapse of the Kohjin group, Cabinet sources said. Mr. Miki concurred with the Finance Minister's view that both the employment situation and the budgetary shortfall were assuming serious proportions and that the supplementary national budget to be presented in October would be necessary to stimulate business activity, the sources added.

The Bank of Japan, meanwhile, said it is prepared to be more flexible on its restrictions on credit volume if necessary to prevent the failure of companies affected by the difficulties of Kohjin.

It called on executives of banks and financial institutions through-

## Governor flees from Timor

JAKARTA, August 27.

THE GOVERNOR of Portuguese Timor evacuated the besieged Capital of Dili today and moved the colony's Government 20 miles to the island of Alau.

Governor Lemos Pires and his staff were aboard one of several vessels towed from the harbour capital by the freighter Macdill.

After the freighter dropped the Governor offshore at Alau, it set sail for Darwin, Australia, with 722 refugees aboard, including 481 Portuguese, 240 Chinese and one Australian.

The captain of the ship radioed that mortar fire intensified today in the capital town by a savage civil war. He reported hundreds of refugees were still awaiting ships to carry them to safety.

An Indonesian navy destroyer was reported in the vicinity of Dili harbour under orders to remove the Indonesian consul, his staff, and Indonesian refugees. Other Indonesian navy destroyers were also reported on their way.

The Indonesian ships were expected to arrive off Dili late Wednesday. Sources said they were under orders to collect refugees but to avoid any clashes with the warring factions on Portuguese Timor.

Diplomatic sources said Indonesia was still waiting for a clear invitation from Portugal to intervene and restore order on the island, and that they did not believe there were any major contingents of Indonesian troops aboard any of the ships heading for Timor.

But, they said, they believed selected paratroop units of the Indonesian army were on alert to move should the decision be taken.

Reuters adds from Lisbon: Portugal's former Overseas Minister, Antonio de Almeida Santos, left today to try to end the civil war raging in Timor.

## THE CHINESE OIL INDUSTRY

## Guessing at the potential

BY COLINA MACDOUGALL

ENCOURAGED by the Chinese Embassy in London, around 60 British producers of offshore oil equipment are about to deluge Peking with technical details of their products. Following their recent conference on the Chinese oil industry, the Sino-British Trade Council is giving more than two tons of printed information to China. Western experts agree that Peking will probably buy at least some foreign equipment for its infant offshore oil industry, but because of its aspiration towards independent development (as well as its current shortage of foreign exchange) it is likely to be very selective. Nevertheless, on top of deals concluded in previous years come recent reports that Canada, Norway, and the U.S. are all discussing the sale of oil-related equipment with the Chinese, so that the trickle could become, if not a flood, at least a steady stream.

But Western trade officials and businessmen are still operating almost completely in the dark as regards Chinese oil planning, production, import needs, and export potential. Hence the new U.S. view of the Chinese oil industry (China: A Reassessment of the Economy), a compendium of papers published in July for the Joint Economic Committee of the U.S. Congress) is of considerable interest. It presumably contains the latest and most authoritative American thinking on Chinese oil development. It is one among several recent assessments of the Chinese oil industry, all of which agree on the rate at which the Chinese are likely to develop their oil reserves. But few of which agree on the rate at which the Chinese are likely to develop their oil reserves. But few of which agree on the rate at which the Chinese are likely to develop their oil reserves.

June was reported by the official New China News Agency to have been 24 per cent. higher than last year. Production in 1974 has been estimated by some at 65m. tons for the whole year, on the basis of published percentages for 1974 and Premier Chou En-lai's remark to a visiting Japanese that production in 1973 had been 50m. tons. The U.S. study accepts these figures. More cautious observers prefer a figure for 1973 of about 40m. tons. In support of that view it should be remembered that at the time Premier Chou's remark was reported, Peking was trying to discourage Japan from becoming too involved in Siberian oil development. On the basis of the official figures, production this year will reach about 80m. tons, while conservative observers would scale that down to 60m-70m. tons.

However there is not much disagreement in the West that China has considerable oil potential. Studies of proved, probable, and possible reserves are based on the last official figures published by the Chinese in 1966. These are very out of date as the Chinese have since explored intensively and claim that many new fields have been located. Hard figures for total reserves are mainly guesswork, particularly as so little offshore work has been done so far. The offshore reserves in particular, especially in the Tiao-yu (Senkaku) area, are believed to be very rich, though it is impossible to be certain until more drilling has taken place. So far, the Chinese have drilled, and may be producing, in the shallow Paili Gulf on the coast of north China, and last year had a (Chinese-built) rig drilling in much deeper waters off Shanghai. But so far as is known, there is no drilling yet farther afield.

The U.S. study assumes that future production will continue to expand by roughly the present rate, which the Chinese claim to be about 20 per cent. annually, thus arriving at a figure of 225m. tons for 1980. Most British experts take a more restrained view, envisaging an annual increase of about 15 per cent. which would give 150m. tons for 1980. This seems more probable, since already there are signs that heavy investment in the oil industry has slowed up development in other sectors. Mining and steel seem to have suffered badly in the last few years. Furthermore, for purely technical reasons it is hardly feasible, even in China, for an industry which already has achieved moderate size to quadruple in five years. The resources of skilled manpower and equipment would simply not be available. If much of the projected

## Production

Much depends also on the size of China's capacity to refine, for it is presumably the surplus of crude that will provide the export. So far crude production seems to be well ahead of refinery capacity (estimated at 40m-50m. tons) but the wish to speed up output in both agriculture and industry could produce strong pressures to refine and use the maximum at home. It is production grows more slowly than predicted, exports will not necessarily get total priority.

The U.S. study (using its 50m. ton projection and a notional price of \$10 a barrel) estimates that China will be earning \$3.5bn. in 1980 from oil exports, an amount up until then. That should take care of any trade deficit (estimated for 1974 at \$1.3bn.), pay off credits as they fall due, and allow for other purchases. But at the lower figure of 25m. tons, China would only earn half that amount in 1980 and correspondingly less in the late 1970s. While there is some agreement that 50m. tons of exports are within the bounds of possibility, it is just as well to treat official U.S. optimism both on this point and elsewhere in the oil study with a pinch of salt.

## Development

The Chinese themselves have made it clear that the main development at present is onshore, in the north and east. Output at Tacheng, for many years the top producer, is slowing down; in the first half of 1975 the Chinese claimed only a 15 per cent. rise there, while Shengli in Shantung province (a newer field and one which only became significant a couple of years ago) raised production by 42 per cent. Of the total estimated output of 85m. tons last year, a new U.S. study gives figures for Tacheng of 19.4m. tons, for Shengli of 11m., and Taktang (the newest important field) of 3.7m. Unlike many other western studies, it dismisses the old fields in the far west of China as insignificant. Its aggregate from individual fields comes out nearly 20m. tons less than its overall estimate, which it attributes either to there being unknown fields or to mistakes in estimation. Either way it is a very large discrepancy for a piece of research with all the resources of the U.S. Government to draw on. Other western studies which

## Arab boycott lifted for 17 companies

CAIRO, August 27.

THE ARAB Boycott of Israel Office removed the names of 17 foreign companies from its blacklist today, including a number of U.S. and European multinationals, the Boycott Commissioner General said.

Mohammed Mahgoub said the names of the companies will be kept secret to protect them from Zionist pressure, especially in the U.S.

The Boycott Office is expected to remove the names of 83 other foreign companies from the list during its current closed meeting at the headquarters of the Arab League in Cairo. The ten-day meeting opened on Saturday.

The office also added the names of three companies to the blacklist. The firms are: the British ammonia firm Humphreys and Glasgow, the Swiss weaving and exporting company Comex, and the Cyprus clothing firm Christou Achilles.

AP-DJ

## Congress Party wants curbs on Indian courts

BY K. K. SHARMA

NEW DELHI, August 27.

THE RULING Congress Party has just concluded discussions on changes to the Indian constitution that it feels are essential and is now preparing its recommendations for consideration by the Government.

According to The Statesman, a leading daily published in New Delhi and Calcutta, the dates for the next session of Parliament will be fixed as soon as the Government frames its conclusions.

In the meantime the Congress has asked states where it has formed governments to give their opinion on the constitutional changes within ten days so they can be speeded up.

The changes sought are aimed at making swift land reforms possible. The Congress also feels that the writ to issuing powers of the courts should be curbed. Such writs can be issued by the courts to enforce rights conferred by Part Three of the Constitution covering fundamental rights. The party is equally insistent

that ways be found to make Government officials accountable for their performance.

Indian doctors, scientists and engineers employed overseas—mainly in Britain and the U.S.—may find it difficult to renew their passports if they fail to remit part of their incomes to relatives or friends in India through legal banking channels according to a new scheme.

Under the scheme they will be required to enter into a contract with the Indian Government to remit 10 per cent of their earnings through legal channels.

This applies to those earning more than \$12,000 annually. They will be required to produce documentary evidence to show that such remittances have been made.

The object is to check the remittance of funds to India through illegal channels—mainly by making payments to Indians travelling abroad in exchange for updated at an inflated rate of exchange—which prevents the country from increasing its foreign exchange reserves.

Discontent grew as more and more people realised the inequity of the existing system of government. When the government tried to conceal the serious 1973 famine in the northern provinces of Wollo and Tigre university students directed foreign television teams there, seriously weakening the prestige of the government.

The rising tide of world inflation caused increasing discontent. In early 1974 young army officers backed the radical students and insisted on a change of Prime Minister and more concessions in the direction of democracy.

A process of controlled change was thus unleashed, culminating in an attack on the entire ruling class. Attacks on the Emperor himself gradually mounted, some of the less noble aspects of his rule were revealed, and there was little support for him when last September, he was taken away from his palace in an army Volkswagen car.

After some days in an army mad but Haile Selassie was moved into the Menelik Palace in Addis Ababa (which also housed the new military government) where he occupied a wing. If his mental powers were at last failing it was still found necessary to change his guards very frequently: the almost magnetic power the dynamic little man always had over others had not weakened.

## Budget stresses socialism

BY JAMES BUXTON

ETHIOPIA has taken a further step on the road to socialism with a budget for the coming 12 months which greatly increases the existing budget deficit and steps up spending on economic development.

The budget, announced a few days ago, breaks with the fiscal policy of the old regime in increasing spending far in excess of revenue. Expenditure is to be increased by 44 per cent. from Ethiopian Dollars 918m. (£213m.) in 1974-75 to \$31.33bn. (£300m.) in 1975-76. The revenue is expected to rise from \$881.9m. to \$1,010m., leaving a gap of \$520m. which the Government says will be financed by borrowing from the Central Bank and by means of foreign banks.

The proportion of the budget being spent on economic development has been increased from 25 per cent. in the last budget to 32 per cent., and the sums being spent on infrastructural development (probably mainly roads) and agriculture have been nearly doubled. But the amounts of current expenditure to be spent on defence and internal security have risen by 70 per cent. and 81 per cent. respectively and now make up about 37 per cent. of total expenditure—reflecting the need to keep a large number of troops in Eritrea and the uncertain situation in many parts of the country.

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## HOME NEWS

## OECD States' foreign trade deficit disappears

BY MICHAEL MANDEN

THE SEVERE deficit in foreign trade of the advanced countries who are members of the Organisation for Economic Co-operation and Development appears to have been eliminated, but recovery in the level of world trade is likely to be delayed until next year.

Looking ahead to trade developments in the next year or so, the National Institute of Economic and Social Research predicts that the volume of world trade in manufactured goods will be 9 to 10 per cent down this year compared with last year. The reduction in total trade may be as much as 12 per cent.

The recovery should begin next year, with the rapid growth of the oil producers' imports helping to reduce the time lag. Even then, however, the rise both in total trade and in manufactured goods is put by the institute at no more than about 2 per cent, though the increases between the fourth quarters of this year and next year should be more, at 5 or 6 per cent for total trade and rather greater for manufactures.

One of the main problems, the institute says, is likely to be the

financing of the imports of developing countries other than oil producers. Their import policies have become increasingly restrictive, as the purchasing power of their reserves has fallen.

OECD estimates suggested that member countries suffered a huge visible trade deficit running at an annual rate of some \$26bn. in each half of last year because of the rise in oil prices. Preliminary figures for the second quarter and fuller figures for the first suggested that this had been eliminated.

Its disappearance "is due partly to the recession in member countries and partly to an extremely rapid rise in the value of their exports to the rest of the world."

The volume of oil countries' imports jumped by nearly 50 per cent in 1974, but now "seems to be slowing to a rate of rise of perhaps 25 per cent a year."

Even so, oil producers' imports now accounted for about 7 per cent of the total, and the rate of increase was enough on its own to add about 2 per cent a year to the increase in world trade.

## Energy consumption falls 6% in June

BY ADRIAN HAMILTON

ALL MAIN sectors of the energy market suffered falls in demand during June, compared to last year, according to the latest figures from the Department of Energy.

The biggest fall was experienced by oil. Total deliveries of petroleum products during June, at 5.7m. tons, was down by over 9 per cent on June of last year and, at 42.2m. tons, was down a similar percentage in the first half of the year as a whole.

The picture was also disappointing in the coal sector, where more up-to-date figures for July show a fall on the year of 3.5 per cent, in output at the seasonally adjusted figure of 9.5m. tons while coal consumption fell even more dramatically by more than 10 per cent in July compared with the same month last year.

Deep-mined output during the month, at 7.9m. tons, was at its lowest level for nearly a year after discounting the effect of

holidays and productivity in terms of output per man shift also continued the decline which has emerged in recent months.

The most surprising figure in the statistics, however, was the 0.5 per cent fall in the volume of gas sent out in June—the first fall for several years and, compared with an overall rise and, at 4.2 per cent, in the first half of the year.

The general decline in energy demand, which has taken over all consumption back to the levels of the first half of last year when demand was distorted by the three-day working week, is explained largely by the decline in economic activity in the country.

While reluctant to read too much into individual monthly figures at this stage, however, the Department of Energy does see some signs of growing conservation, particularly in the use of electricity.

## Benn gives permission for open cast mine

BY OUR OWN CORRESPONDENT

THE ENERGY Secretary, Mr. Anthony Wedgwood Benn, has given the National Coal Board permission to begin open cast mining on a 2,000-acre site at Butterwell, near Murrumbidgee, in Northumberland.

The site, with a yield of 12m. tons of coal worth £18m., will be the biggest open cast development in England. Work is to begin immediately with 1,500 men removing the top soil. Coal mining will begin next year and last about 10 years.

Mr. Benn's decision comes after an eight-year campaign by the Coal Board, which has twice had its application rejected by Ministers. The latest public inquiry, the third, took place in March.

mental objections were substantial and the mine "should be contemplated only if there is no alternative."

Mr. Wedgwood Benn said: "The need for this extra open cast coal over the next 10 years are clear enough to justify approval." He ordered that extra environmental conditions be placed on the Coal Board.

Mr. Don Davis, managing director of the open cast extension, welcomed the decision. "Butterwell is vital to Coal Board plans to increase open cast output to 15m. tons a year. Every effort will be made to minimise disturbance."

The Coal Board has given assurances that the land will be restored for agricultural use after mining, but Mr. Bill Richardson, Northumberland chairman of the National Farmers Union, said yesterday that the decision would bring "the rape of a beautiful piece of countryside for the sake of cheap fuel."

## Coal Board to increase jobs and output—Ezra

BY STEWART DALY

SIR DEREK EZRA, the National Coal Board chairman, yesterday painted an expansionist picture of the Board's activities for the immediate future. He said at Westhorpe Colliery, North Derbyshire, that both production and employment were to increase.

"More coal face capacity is being provided: compared with 783 coal faces operating in June 1974, 800 are planned for September—and efforts are being made to phase out low-output faces and replace them with bigger producing units."

At a time of concern over the shortage of jobs for school leavers, Sir Derek emphasised that the Board's recruitment programme, particularly of young people, was going ahead.

"So far this financial year we have recruited as many school leavers and teenagers (a total of 2,000) as a year ago. Within the next month or so the Board expects to be recruiting nearly 4,000 more school leavers."

Sir Derek said: "The extent of employment in the coal industry is crucially important to the nation, particularly in this period of high and rising unemployment."

He emphasised the contribution that coal made to the country's energy needs. "The team of people in the mining

industry are on essential work for the nation because coal meets as much as 40 per cent of Britain's energy needs. It is, of course, home produced energy and every million tons that are mined save the nation a hard-pressed balance of payments no less than £25m. in oil imports."

Mr. Brian Fee, assistant rescue superintendent, was giving evidence at the Barnsley public inquiry into the accident in June, when five miners were killed and one was seriously injured.

Mr. Fee said the rescue plans should be updated every three months, but the one produced from the rescue room was dated December, 1974.

## Burton to go on short time

BY RHYD DAVID

THE BURTON GROUP is to put some of its men's tailoring factories on short-time working because of a sharp fall in demand.

The group's Newcastle subsidiary, Jackson, The Tailor, said yesterday that a one-week-in-four lay-off scheme was to be introduced at its factories in Sunderland and Gateshead employing a total of 1,500 people in an attempt to avoid permanent redundancies.

Negotiations are taking place with union officials over introduction of reduced working at other Burton outlets, employing a further 6,000 people.

Demand for clothing has

held up well for much of the past year, but some retailers have reported a marked slackening over the past few months, in particular.

Mr. Gerry Slater, Burton group company secretary, said that there was evidence that consumers were buying fewer clothes, and this had had a substantial effect on made-to-measure tailoring, still the main element in the Burton and Jackson retail business.

Burton's move is one of a number in the clothing industry in the past month to bring production more closely into line with demand.

N. Corah of Leicester said

two weeks ago that it would close three plants, with loss of 500 jobs, because of a drop in demand from major customers, and of import competition. A total of 370 jobs will go with closure by Courtlands of a tailwear factory at Henson, Derbyshire.

Among other closures, the Co-operative Wholesale Society shut its clothing factory at Fallow, Co. Durham, on September 15 with loss of 200 jobs. Bradford Nylons plans a one-week-in-four lay-off scheme for 900 workers at its Cramlington, Northumberland, household textiles plant.

In another sector of the

## UCS creditors to seek legal advice against Government

BY CHRIS BAUR, SCOTTISH CORRESPONDENT

THE LIQUIDATOR and creditors' inspection committee of Upper Clyde Shipbuilders, which collapsed four years ago, are to seek the opinion of senior counsel on their prospects in legal action against the Government for payment of £7.5m. owed to the company's 2,500 ordinary creditors.

A court action is now the only avenue by which the creditors can seek to establish a Government liability in the failure of UCS, in which it had a 48 per cent stake. A second option was closed yesterday when it was announced to a creditors' meeting in Glasgow that the UCS Liquidator, Mr. Alan Marre, the Parliamentary Commissioner (Ombudsman), had decided not to investigate the claim that the Government's close involvement in the financial affairs of UCS obliged it to meet the company's debts.

Clearing banks

Mr. Robert C. Smith, the liquidator, and the creditors' committee have spent some time considering whether to raise an action under Section 324 (1) of the 1948 Companies Act, which deals with "intent to defraud."

When legal advice has been given on this, they will have to decide

whether it is worth spending an estimated £25,000-£50,000 in arguing a case in Scotland's Court of Session.

Mr. Smith is empowered to authorise the use of funds, amounting to £1.5m. held against the claims of first secured creditors. In practice, however, both he and the court would wish to have the approval of the secured creditors in this instance.

Last month the Government rejected Sir Alan's criticism of Mr. Anthony Wedgwood Benn, the Energy Secretary, for the intervention, and yet it considered itself to be totally immune from the consequences of the company's collapse.

He said that the main problem, which would have to be resolved by Parliament if the UCS creditors did not take court action, was how creditors could seek compensation for the way they considered themselves to have been disadvantaged by the

activities of Government in the affairs of a private company.

Mr. Fletcher also suggested that in the case of UCS the Ombudsman appeared to have taken a narrower definition of the terms of reference than he had done when he investigated the Government's handling of the Court Line affair.

Referring to the liquidator's claim that the Government had a special legal and moral obligation to meet the debts, Sir Alan added: "The precise maladministration alleged against the Government is not immediately clear, at any rate to me."

## Ferries' cheap concession dearer

BY DAVID BELL

EUROPEAN FERRIES, which earlier this year was nearly swamped by people seeking to take advantage of its offer of cheap Channel crossings to make one owning 300 shares, is to make it harder for shareholders to qualify for the concession.

The company has 70,000 shareholders. It took the opportunity of a £8.5m. rights issue yesterday to announce that from now on shareholders must have 300 shares, and have held them for a year, before qualifying for reduced fares.

Shares acquired through the one-for-two rights issue of 24m. new shares will be treated as having been acquired at the same time as the original holding to which the rights relate.

European Ferries, which includes the Townsend Thoresen fleet of ships, said that the tightening of the conditions under which the concession is given is fair as "the value of the concession will increase with inflation."

The new shares are being offered at 25p, so it will cost shareholders with a present holding of 200 shares an extra £25 to travel at cheap rates across the Channel in 1976. Last night the shares closed at 64p up 11p.

Although the company has operated the travel concession for some time, the publicity given to it earlier this year when the stock market was depressed prompted a flood of investors seeking to profit from it.

The number of shareholders jumped from 25,000 to 65,000, and the company wrote to shareholders telling them that the concession would not always apply at peak times, that priority must be given to full-rate bookings and that the company could not always guarantee bookings on the specific sailings requested.

## Head teachers' plea for handicapped

More research should be carried out into the needs of handicapped children, according to the National Association of Head Teachers.

Its call is made in evidence to the Warnock Committee, set up by the Government to investigate special education for the handicapped.

The association says that special education has been the poor relation in the education system for too long.

## Theatre plan at Nottingham

A £4.5m. outline scheme for a concert hall and theatre complex in Nottingham, proposed by private architects and officials of the City Council, was made public yesterday.

The scheme would mean improving the existing Theatre Royal to provide a seating capacity of about 1,000 and demolishing the adjoining County Hotel. The study indicates that any delay in deciding the Theatre Royal's future might mean its closure.

## Redfearn to spend £1.5m. at Barnsley

BY KENNETH GOODING, INDUSTRIAL CORRESPONDENT

REDFEARN National Glass, third largest of the U.K. manufacturers, plans to spend another £1.5m. at its Barnsley plant next year, in spite of the big drop in demand for glass containers so far this year.

This is on top of £5m. spent over the past two years, and "it underlines our faith in the long-term future of the glass container," said Mr. John Pratt, managing director.

He admitted that the industry had no real idea about short term trends. Latest figures from the Glass Manufacturers' Federation show that during the first seven months of this year deliveries of glass containers were down by 12.2 per cent.

It has been estimated that up to 20 per cent of the industry's machines have been standing idle although RING insists it has been less affected than its main rivals. United Glass and Rockware, and has actually pushed up its market share to 20 per cent during the recession.

In an industry that has

reduced its workforce by about 1,500 over the last year, problems have been diminished to some extent by the recent good weather. During last month alone, deliveries of containers were only 2.8 per cent down on the same month a year ago.

However, stocks are still high following heavy exports in the first half of the year.

Most of RING's expenditure has been on rebuilding furnaces. On top of the Barnsley projects, the rebuilding of a furnace at the York plant this financial year cost another £1m. Money has also been spent on inspection and packaging machinery.

RING reckons that it has built up its market share without joining in the price war in the industry. By holding prices, it has lost some orders. "Price cutting benefits only the customers. As an industry, we should be fighting for better margins of profit so we can better afford the huge capital investment we need to make," said Mr. Pratt.

## Hewthorn has record 2.3m. passengers

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

PASSENGER traffic at London's Heathrow Airport last month was at its highest ever monthly level of just under 2.3m., or 8.4 per cent more than in July last year.

Substantial increases in passenger numbers were reported in July at all the other airports owned by the British Airports Authority, with traffic at Gatwick rising 8.5 per cent over a year earlier to reach 708,284, while the growth was 42.1 per cent to nearly 30,000 passengers.

Total passenger expansion at the three South-East airports of the BAA was 8.7 per cent to just

over 3m. For the four Scottish airports, the biggest growth was at Aberdeen, where traffic rose by 37.4 per cent to over 65,000 passengers, largely as a result of expanding North Sea oil operations.

While traffic usually increases in summer, the expansion this year is significant in the light of the decline in passenger movements earlier this year.

The July figures could be the first indication that the downward trend in air passenger movements has been halted, and that from now on an improvement can be expected.

## IN BRIEF

## School leavers

The number of school leavers attempting only Certificate of Secondary Education (CSE) rose from 18,000 in 1971/72 to 215,000 in 1973/74—an increase from 13 per cent to 30 per cent of all leavers, according to latest statistics.

## £19m. fire cost

Fire damage last month was estimated at £19.2m. up 28 per cent on July last year, according to figures published yesterday by the British Insurance Association.

## Fewer shipyards

A fall in the number of shipyards on a world scale was forecast by H. V. Drewry (Shipping Consultants) in its latest report on World Shipbuilding Output and Capacity.

## Tanker troubles

Total deliveries of new oil tankers this year are expected to be 45m.

deadweight tons, an 18 per cent increase on end-1974. But tanker demand in July was 7 per cent lower than in December. About 54.3m. tons of tanker shipping was laid up, and 56m. tons "slow-steaming."

## Safety clamp

Application of the Fishing Vessels (Safety Provisions) Rules 1975 cannot be postponed, Mr. Stanley David, Parliamentary Under-Secretary for Fisheries, Aviation and Shipping, told a deputisation of fishermen. They were protesting at the "severe economic and financial implications" for small vessel-owners.

## Insurance recovery

There was a substantial recovery in the sale of unlinked debt insurance in the second quarter of 1975, according to the Linked Life Assurance Group. Ordinary single-premium business sales totalled £24.62m., a 66 per cent rise over the first quarter.

## Commons catering loss is £73,041

By Our Lobby Correspondent

THE CATERING sub-committee of the House of Commons, already under attack for ordering china from West Germany, was further embarrassed yesterday by having to report mounting losses from its refreshment department.

In spite of price increases of 25 per cent, substantial losses have again been incurred in the dining rooms used by M.P.s at Westminster.

## Bank overdraft

The trading loss for 1973-74 was £73,041 and there was a bank overdraft of £123,763 at that time, which has since soared to £350,000.

The accounts included grants from the Treasury and from general House of Commons funds and also payments by newspaper proprietors and the broadcasting authorities for the provision of catering services in the Press gallery.

The committee says that the refreshment department's gross profit on sales dropped by £7,000 during the year while wages and salaries rose by almost £31,000.

## Successive

The committee refers to successive reports expressing concern about the refreshment department's need to accept a trading loss because of the uncertainty of Parliamentary business and the fluctuation in the needs of M.P.s, staff, Press, secretaries and guests.

The report says the Commons ought to reconsider the present system under which the department was expected to function as an independent commercial unit with commitments and financial aims that were impossible to achieve.

## APPOINTMENTS

## Bernard Wardle Board changes

Mr. M. J. Kempton, a director and general manager of DURA-FLEX INDUSTRIES, of Edinburgh, has been appointed managing director of the company, a subsidiary of the BERNARD WARDLE GROUP.

Mr. S. Huisman and Mr. A. E. Roberts have been appointed to the Board of BERNARD WARDLE AND CO., the parent company.

Mr. Huiskin is managing director of Schotte B.V. of Kampen, the Netherlands, and Mr. Roberts managing director of Bernard Wardle (Everflex) and Huisman Plastics, both situated in North Wales.

Mr. A. T. K. Allen has been appointed a director of G. AND W. COLLINS.

Mr. J. A. Thomson, Mr. E. W. Dennis and Mr. J. W. Cox have joined the Board of LEADEN-HALL-STERLING INVESTMENTS.

Mr. E. D. Shumans is to retire from the Board of COURAGE.

Mr. A. M. McKay has been appointed a director and chairman of STOKELAKE HOLDINGS in place of Mr. C. K. H. Bill-Wood, who has resigned from the Board.

Mr. Peter Douglas Scott has been appointed to the Board of ANDREW SCOTT (CIVIL ENGINEERS) and all its subsidiaries.

Mr. R. J. Ridgway has retired from the Board of MARPLES RIDGWAY but will continue his association with the company in the role of consultant.

Mr. Derek Prescott has been appointed deputy managing director of AUSTIN-HALL BUILDING SYSTEMS ("Austin Hall"), a member of the Pentos Group ("Pentos").

Mr. Tony Greenwood, chief executive of the ALLTRANSPORT PACKING DIVISION and Mr. Nick Evans, chief executive of ALLTRANSPORT TRAVEL DIVISION, have been appointed full Board members of the ALLTRANSPORT INTERNATIONAL GROUP.

Mr. A. J. Mayor will become vice-president, Marketing Services, SEA-LAND SERVICES INC. as from September 1.

Mr. David B. Herring has been appointed vice-president planning.

Mr. H. C. Arnell has been appointed a director of LAND AND GENERAL DEVELOPMENTS.

Mr. Harry Lorkin, shipping director of CORY BROTHERS

## Automatic progress by science 'tragic myth,' says Lovell

BY DAVID FISLOCK, SCIENCE EDITOR

CONFUSION in people's minds about the motives of scientists could be deepened still further by society's present antagonism towards their activities. Prof. Sir Bernard Lovell, president of the British Association said in his presidential address last night.

Scientists had deluded themselves into believing that only through science would people find true understanding about nature and the universe, he said. They had persuaded society to support them in the belief that their discoveries would inevitably be of practical benefit.

"The simple belief in automatic material progress by means of scientific discovery and application is a tragic myth of our age."

## Two questions

Nevertheless, pursuit of an understanding of nature and the universe was an essential occupation of modern society.

Prof. Lovell, professor of radio-astronomy at the University of Manchester, was opening the 127th annual meeting of the British Association at the University of Surrey, Guildford.

He posed two questions which, as he put it, were "strangely contrasting but vitally interwoven": Had man reached a fundamental barrier in his attempts to understand the universe in a physical sense? Could man long survive the consequences of the scientist's efforts to break through this barrier?

What worried him was why the "deeper ambitions for the understanding of human purpose" no longer existed such a dominating influence on people's lives as they had. Once localised ambition came to dominate people's existence, society was in difficulties, for dominating local ambition, whether national or personal, was destructive. Society should search for a new

Where advancement may repay cost Page 12

## TV space series sold to 120 countries

BY ARTHUR SANDLES

SPACE 1999, ATV's £3.2m. goes into a second year we will science fiction television series, make a lot of money," said Sir Lew.

The series, produced by Gerry and Sylvia Anderson, stars Martin Landau, Barbara Bain, the husband-and-wife team, who previously appeared in Mission Impossible, and Barry Morse. Associated with ATV in the production was RAI (Italian State Television).

Transmission will vary from region to region, the U.S. with nine independent television companies scheduling the first episode on Thursday, September 4, and another two on Saturday, for further use. "If the series September 6."

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## CONTRACTS AND TENDERS

## HELLENIC REPUBLIC MINISTRY OF TRADE

## CALL FOR INTERNATIONAL BIDS FOR MERCHANT MARINE TRAINING EQUIPMENT

- The Greek government has received a Loan (No. 859-GR) of U.S.\$33.5 million from the International Bank for Reconstruction and Development (IBRD) towards the Second Educational Project involving, at 1970 prices, a total cost of more than U.S.\$45 million. This programme comprises the construction and equipment of a variety of educational establishments among which are:
  - Four (4) Merchant Marine Training Schools.
- This announcement concerns the procurement of equipment estimated at about U.S.\$1.5 million for the four (4) Merchant Marine Training Schools mentioned above. The equipment is to be used for the training of radio telegraphists, engineers and deck officers and will consist mainly of:
  - (a) D.F. and communications equipment
  - (b) Generators, distillation plant, copiers, projectors and test meters.
  - (c) Steam boiler plant equipment
  - (d) Trim and stress finders, compasses and propulsion equipment models
  - (e) Diesel-powered lifeboats
  - (f) Radar and satellite navigation systems
  - (g) Hydraulic test bench, engine room control simulators and instruction system on steam engine and ship's stability.
- The equipment is grouped in 5 packages according to type and similarity. Bids for each package will be accepted up to 10.30 hours (Greek local time) on the date of the tender specified below.
- The bidding will take place on 11th November 1975 among firms from member-countries of the IBRD including Greece and Switzerland. Additional information may be obtained from the respective country's embassy in Athens or directly from:
 

MINISTRY OF TRADE  
2nd and 4th Directorate of Government Procurements  
Canningos Square, Athens.
- Tender documents may also be obtained from the above address during office hours and can be requested by mail, free of charge.



# ACCOUNTANCY APPOINTMENTS

## European Internal Auditor £7,000

Syntex Corporation is one of the world's leading pharmaceutical companies. Founded in the mid-1940's, the corporation has sustained an impressive rate of growth by combining the research skills of some of the world's foremost scientists with a flair and business acumen in finance, marketing and sales management.

Reporting to the Manager, Corporate Audit Services (based in California), the European Internal Auditor will have audit responsibility for all Syntex operations throughout continental Europe, the UK, Eire and Africa. In addition to performing internal audits, producing meaningful reports and recommendations, his duties will include special projects in the financial and EDP functions.

The ideal base of operations will be South East England, probably in Woking. However, if the successful candidate is presently resident on the Continent, then Belgium could be an

alternative location. It is expected that more than 50% of his time in the first year will be spent in travel away from base.

Candidates should be fully qualified accountants, either CA or ACCA, and must be able to point to at least three years' high-level audit exposure. Experience of management accounting in an EDP applications environment and an ability to understand European accounting disciplines will be essential. The successful candidate must speak good French and Spanish and a knowledge of German would be a distinct advantage.

Salary is negotiable around £7,000 with additional benefits well in line with those expected of an international corporation. Please write or telephone for an application form to:

A. A. Jarrett, Personnel Manager,  
Syntex Pharmaceuticals Ltd.,  
St. Ives House, St. Ives Road,  
Maidenhead, Berkshire.  
Tel: Maidenhead 33191.

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59 St. Mary Ave. London, EC3A 8AR  
Management Recruitment Consultants  
01-283 0037  
(24 hours)

## Planning Analyst

Negotiable up to £8,500 Central London

A major British company manufacturing and marketing internationally a wide range of consumer products has a vacancy in its active corporate planning team due to promotion.

Candidates will be Chartered Accountants, preferably with a degree, ideally about 32 with 3-5 years experience in an international company. Experience and appreciation of the use and capabilities of computers is essential, and candidates should be familiar with the daily usage of terminals. This appointment offers first class experience of the corporate planning function at group level and career prospects are exceptional. It is envisaged that applicants will be currently earning around £8,000. Fringe benefits are excellent.

Applications in confidence reference 55831 to B. L. Taylor

INDUSTRY TRADE

## ACCOUNTANTS

A wealth of experience in government

Qualified Accountants are now needed, in London, in a vital area of government administration. The Accountancy Services Division provides professional services to four separate Government Departments - Industry, Trade, Prices and Consumer Protection, and Energy. In many cases the requirements and information provided are crucial to decision-making at the highest level. You will be expected to bring experience and judgement to a variety of key government activities, ranging from the North Sea oil and gas operations to the provisions of the Prices Code, from the appraisal of an individual company's viability to the negotiating, in Brussels, of a code of EEC Company Accounting Law. In fact you will be occupying a position of genuine importance with a breadth of professional opportunity and scope few other employers could offer. Salaries reflect the importance of the

job you will be doing and can be up to £6,300 to start and after two years you could be in line for promotion to Chief Accountant and a salary rising to over £7,800.

There is also a vacancy in the regional office in Manchester. You must be a Chartered, Certified, Cost and Management, or Public Finance Accountant with a fully developed commercial awareness. Appointment is pensionable and can be permanent, for a fixed period, or for appropriate cases on secondment terms.

For further details and an application form write to Civil Service Commission, Allocation Unit, Basingstoke House, R32 1JB, or telephone Basingstoke 102561 68551 (answering service operates outside office hours) or London 01-839 1992 124 hour answering service. Please quote ref. G181590/8

PRICES

ENERGY

## Financial Analyst

£6,000+p.a.

An unusual opportunity is available for a young Chartered Accountant to join an international trading company at its well appointed London head office.

Working with the European Financial Director the person appointed will be responsible for investigations and projects concerned with financing of business, cash flows, plans and possible developments requiring an understanding of financial resources. Mergers, acquisition and international business expansion experience will be valuable. Energy, enthusiasm and ability to take the initiative will be imperative.

This is a profitable, ambitious organisation and the right person will find attractive scope and prospects in it.

Write in confidence with adequate information to J. Finnigan of Personnel Services Division:



Spicer and Pegler & Co.  
Management Consultants  
6 New Street, Bishopsgate,  
London EC2M 4UH

## FINANCIAL CONTROLLER

Age: 20-40 London Up to £7,500

Our client, a major firm of City stockbrokers, wish to appoint a Financial Controller.

● He will be responsible for the production of annual and periodic accounts for the company and the preparation of financial and management reports. He will also deal with taxation matters in conjunction with the company's professional advisers and contribute to the further development of the accounting systems which are computerised.

● He will be a Chartered Accountant with experience at a senior level in financial and management accounting in industry or commerce. An appreciation of Stock Exchange and City practices is desirable. Salary will be negotiable up to £7,500.

Please send a comprehensive career résumé, including salary history, and quoting ref. 788/ET to:

W. L. Tait,  
Touche Ross & Co.,  
Management Consultants,  
Executive Selection Division,  
27 Chancery Lane, London, WC2A 1PL.  
Tel: 01-404 1461.

## Financial Controller

This is a new appointment with the leisure division (sales £20m.) of an international UK public company. Reporting to the divisional chairman, he will play an active part in the division's growth, and develop and maintain financial control systems, both in the UK and Europe.

He will be a qualified accountant, preferably aged 35 to 45, with relevant experience in manufacturing industry, ideally consumer products.

Salary negotiable probably around £10,000 plus car and generous re-location assistance to North Midlands.

Please send brief details - in confidence - to Dr. M. A. Haas ref. B.66110.

**MSL** World wide

Management Selection Limited  
17 Stratton Street London W1X 6DB

## GENERAL APPOINTMENTS

### LAND AUTHORITY FOR WALES Chief Executive (Designate) and Senior Staff

Applications are invited from persons with experience in senior management, for key appointments to the new Land Authority for Wales. The Authority is being established by the Secretary of State for Wales under the Community Land Bill now before Parliament. Its task will be the acquisition, management and disposal, on behalf of the community, of development land throughout Wales. Initial appointments will be on a shadow basis. The Authority will come into existence when the Bill receives Royal Assent. It should begin to function early in 1976. The first task of the officials now to be appointed will be to create the Land Authority organisation. The Authority will not be a Crown body. Salaries will be based on Civil Service scales and will be as shown against the individual post in the details given below. The posts are permanent and pensionable. Applications for other appointments will be advertised shortly.

#### CHIEF EXECUTIVE (£12,000)

The Chief Executive will be primarily responsible for leadership and co-ordination. He will be the main link between the Authority and its officers and will be in charge of its day to day operations. The task will be a challenging and exacting one and the person appointed will need to possess considerable managerial and co-ordinating ability, preferably in the property field. A professional qualification in a discipline associated with land use or property management would be an advantage but is not essential.

#### DIRECTOR OF LAND MANAGEMENT AND DEPUTY CHIEF EXECUTIVE (£11,670)

The holder of this post will be responsible for the processes of acquiring and disposing of development land and for managing land in the Authority's estate. A professional qualification in a discipline associated with

#### DIRECTOR OF LEGAL SERVICES (£8,650 to £11,000)

The Director, who may be either a solicitor or barrister, will be responsible for all aspects of the Authority's legal services, including conveyancing, leases and tenancy arrangements, agency agreements with

#### DIRECTOR OF FINANCE AND ADMINISTRATION (£8,650 to £11,000)

The Director will be responsible for the recruitment, training and deployment of the Authority's staff; their internal management including the provision of office accommodation; and for the Authority's finances and accounting arrangements. He will need a

wide range of managerial skills with particular stress on financial procedures and staff management. A qualification in accountancy or personnel management would be an advantage.

Further information, more detailed job descriptions and application forms can be obtained from:- *Norma Price, Land Authority for Wales, Staff Recruitment Board, 7th Floor, Churchill House, Churchill Way, Cardiff, CF1 4SY*

The closing date for the receipt of completed application forms is:- 26 September 1975. It is expected that short-listed candidates will be interviewed during October.

### UNIT TRUST

Management Company requires an Assistant to the Company Secretary. Applicants should have a sound knowledge of Book Keeping, Investment records and experience in the Valuation of Securities. Salary Negotiable. Telephone Mr. Morris 588 6280.

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Require a  
JUNIOR DEALER  
OR A BLUE-BUTTON

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STOCKBROKERS CLERKS to £3,000 p.a.  
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## Corporate Planning

Engineering Industry  
c.£13,000 p.a.

● A British organisation with a £300m plus turnover is entering a new phase in its development which requires that planning at a high level of sophistication is undertaken across the enterprise. To achieve this, a director of planning must be appointed.

● Reporting to the chief executive, as a full member of the top management team, the role would be to develop specific product proposals and to integrate these with marketing, investment, manpower and other inputs into an operating business plan covering short, medium and long term objectives.

● The prime requirement is for planning expertise which could have been gained in a formal planning role, general management or possibly consultancy. The work background must also include substantial experience in a complex manufacturing environment (for example, shipbuilding, automotive or consumer durables), and the ideal education is an engineering first degree followed by an American MBA.

● The starting salary is negotiable c.£13,000 and could be considerably more for an outstanding individual. The package includes, of course, all the usual senior management benefits. Prospects for career and personal development are outstanding. Ideal age 35-40.

Please contact, in complete confidence, by telephone or in writing, the company's advisers (quoting reference 123):

*Clive Deverell Associates*  
186 Piccadilly, London W.1. (01-734 3414).

## ASSISTANT MANAGER Administration £5,000 p.a.

Our clients are a London-based international organisation with extensive involvement in Britain's fastest growing industry, the production of North Sea Oil.

We have been retained to advise on the appointment of a young professional with the potential to undertake managerial responsibility for accounting and staff administration functions of a division of the organisation, after familiarisation with the Company's activities in six to twelve months.

A strong financial accounting/audit background in industry or the profession is essential and candidates must have held responsibility in administration fields such as O & M, Personnel or Office Management. Equally important are the abilities to create efficient departments and systems to serve the Company's operational development and to achieve results by effective communication at all levels in a profit-orientated and flexible organisation.

The successful applicant will be aged 25-35 and free to travel at short notice in Western Europe. Salary will be negotiable around £5,000 p.a. and fringe benefits include a Bonus scheme, non-contributory Life Assurance and Pension schemes and relocation expenses where necessary. A Company car will be provided on appointment to managerial status.

Please write in confidence with a brief C.V. to Ref. K570.

Walter Judd Ltd.,  
Recruitment Division,  
1a Bow Lane, London EC4M 9EJ

London W.1. £5,500 plus

## EXECUTIVE ACCOUNTANT

Old established Property Investment Company with a sound portfolio of commercial properties seeks a qualified Accountant with good executive experience to take charge of its Accounting Finance and Secretarial Department. In addition he will be required to make an active contribution to the direction and management of the Company.

The basic requirements are previous experience in a similar position (but not necessarily with a property company) and an ability to manage staff and accept responsibility.

This is a senior appointment and offers good prospects of advancement to the right man.

APPLICATIONS (which should be in the Applicant's own handwriting) giving details of age, experience and salary required will be treated in confidence and should be sent to:

The Managing Director,  
Box A.5194,

Financial Times, 10, Cannon Street, London EC4P 4BT.

## GENERAL APPOINTMENTS

### CHEMICAL RESEARCH

We are a research-based firm of stockbrokers seeking a trainee analyst to join our specialist institutional research team. Our chemical research is carried out on an international basis. The person we are looking for will be a young (20-25 age group) graduate, but intelligent, a lively mind, personality and above all the ability to pick up quickly the workings of the industry and the companies in it, are of more importance than academic qualifications. An aptitude for coping with the analysis of balance sheets will be highly desirable.

Salary will be subject to negotiation, but will not be unattractive.

Please write, telling me about yourself, to:

Shuart Wamsley,  
Hedderwick Stirling Grumbar & Co.,  
1 Moorgate,  
London, E.C.2.

### LEADING COMPANY

OF  
FOREIGN EXCHANGE AND CURRENCY  
DEPOSIT BROKERS

requires Trainees in its dealing room. Age 18-24 years. Experience not necessary but lively personality and active mind essential. Application with full background details to:

The Secretary,

HARLOW, MEYER & CO.,

Adelaide House, London Bridge, London, E.C.4.







## LABOUR NEWS

## 'Survival plan' details given to NVT workers

BY PETER CARTWRIGHT, MIDLANDS CORRESPONDENT

THE FIRST batch of redundancy notices at the Small Heath factory, Birmingham, of the ailing motor-cycle concern, Norton Villiers Triumph, will go out tomorrow although the 1,500 workers there learnt the details of the "survival plan" only yesterday.

Talks with full-time union officials and shop stewards have been going on against the background of a three-day week in the factory since the start of the strike. This is the first time all the workers have been involved.

First with full-time officers and later with shop stewards, the talks were adjourned until today.

While NVT has a number of options, redundancies are expected to reach at least 1,000, and one set of figures outlines even more drastic cuts, down to a work force of 185 by December.

"We have worked round the clock to produce a survival plan to keep the Small Heath operation on a viable basis, but we have to go ahead with it immediately even if full agreement has not been reached," Mr. Hugh Palin, the company's external affairs director, said last night.

Meanwhile the whole of NVT's Wolverhampton plant, which makes industrial engines as well as motor-cycles, is in the hands of a provisional liquidator, and pickets are stationed outside it. The workers are trying to establish a community co-operative with the help of Wolverhampton Council.

Despite its plight, NVT will put on a brave face at the Motor-Cycle Show opening at Earls Court on Saturday. It will show three current models, the Norton Commando; the Triumph Trident; and the 190cc Bonneville, made by the workers' co-operative at Meriden, which successfully resisted NVT's attempts to close the factory in September 1973. NVT is contracted to market Meriden's output.

NVT will present prototype models, an engine to power what it hopes will be its next generation of "super-bikes", an NVT-developed Wankel power unit, and two machines planned for assembly from imported components, a moped and a 125cc two-stroke.

The company says that it has enough machines and components in the pipelines to keep dealers going for six months, by which time it hopes to have found a solution to its problems.

## Pickets halt work on shipyard site

By Christian Tyler, Labour Staff

GEORGE WIMPEY, the building contractor, kept its workers away from a shipyard site yesterday to avoid a confrontation with a mass picket of about 600 other building workers.

The company will send its 90 men to work as usual to-day when the picket line is expected to be much smaller. The picketing is in support of men who were working on the site when their employer, Simonbult, Peter Lind, was taken off the contract in January, and who wish to return to it.

The site, at Cammell Laird's Birmingham shipyard, was the scene of clashes between workers and police last week, when the Wimpey workers crossed the picket line in coaches. Eleven men were arrested, and later granted bail on condition that they did not go within half a mile of the yard.

The picket of 600 gathered at the site entrance yesterday to support the men, variously estimated at between 30 and 50, who have tried to work on the site since Simonbult-Peter Lind was taken off.

Police are expected to be at the gates again to-day when Wimpey tries to resume work. Wimpey has offered to take on 30 of the pickets in addition to its own 90 direct employees.

The Union of Construction, Allied Trades and Technicians, said its officials and stewards had agreed to this formula for settlement, but the members of the Transport and General Workers' Union were not satisfied.

## AUEW chief criticises 'destroyers'

A CALL for unity of purpose among trade unionists to aid the country's recovery and eliminate "wasteful, degrading and anti-social" unemployment, comes to-day from Mr. John Boyd, general secretary of the Amalgamated Union of Engineering Workers.

His editorial in the union's monthly journal appears to be contradictory to the union's policy of opposition to the Government's anti-inflation programme in that it urges AUEW members to make a contribution to the nation's recovery and to be "builders" and not "destroyers."

In addition, it describes union co-operation with the Government's anti-inflation moves as "paradoxical" if the manufacturing industries are to secure the necessary orders to combat unemployment.

## Women's pay rates move up

BY OUR LABOUR STAFF

NINE OUT of ten employers brought their women's pay rates within ten per cent. of men's rates by March this year, compared with only six out of ten a year before.

This is one sign of the considerable progress towards fulfilling statutory obligation on employers to pay women as much as men for comparable work by the end of the year, says an article in this month's Department of Employment Gazette.

However, many employers appear not to have grasped the full implications of the Act for their companies although they may believe they have already complied with it.

By December 29, few if any of the 151 collective agreements and wages orders monitored by the DE were likely still to contain discriminatory elements.

Pay rises to bring women employees' rates in line with men's are exempt from the anti-inflation policy. Women can therefore have a maximum of £8 a week in the next pay round in addition to anything they may get to reach equal pay by the end of the year, says an article in the Department of Employment Gazette.

Separate legislation proposed in the Sex Discrimination Bill and covering many other aspects of "women's rights" is expected to be on the statute book by the same date.

Strike figures for last month show that more working days

## End Fleet Street overmanning, says print union chief

BY OUR LABOUR STAFF

A CALL for urgent talks between Fleet Street employers and unions on overmanning in the national newspaper industry comes to-day from Mr. Joe Wade, assistant general secretary of the National Graphical Association.

Mr. Wade, who is expected to be a strong contender for leadership of the craft union when general secretary Mr. John Bonfield retires, probably next year, calls for discussions before we are faced with an Observer situation somewhere else.

Mr. Wade—one of the few union leaders publicly to admit there is overmanning—says in his union's monthly journal, that there is not much time left if the closure of one or more newspapers and large-scale redundancies are to be avoided. There was no doubt that manning was going to be part of a continuing dialogue between the unions and Fleet Street managements.

Realism urged

Even while recent discussions at the Observer—which resulted in voluntary redundancies of 25 per cent.—the London Evening News had made it clear that its future was in doubt unless economies were agreed.

"So, has not the time come for realistic discussions between the unions and NPA managements on the related questions of manning and changing technology before we are faced with an Observer situation somewhere else?" asked Mr. Wade.

"There is no doubt in my mind that a rationalisation of

## British textile workers 'lowest paid in EEC'

BY GUY HAWTIN

BRITISH TEXTILE workers are the lowest paid in the European Economic Community, according to a report by the West German Textile Industry Trade Association. Their pay rates are even 27 per cent. lower than those earned by their counterparts in Italy.

The survey of hourly earnings rates shows Belgium, West Germany and Holland at the head of the league. According to the Gesamtverband der Textilindustrie, Belgium pays the highest rates of DM13.12 (£2.22) an hour, West German textile workers cost DM12.28 (£2.27) an hour, Netherlands workers, DM12 (£2.21), French workers, DM9

far this year to 8.8m. workers, and 7.3m. in 1974, had been reduced to just under 3m. workers.

In July itself £7.5m. was added to the basic rates of 1.3m. workers. Some £350,000 of this only was due to index-linked pay agreements, or "thresholds."

## Producer power threat

BY THE END of the century there will be direct conflict between rich consumer nations and poor producing countries in a protracted economic war, warns a report by the World Development Movement. The conflict could involve military action, it says.

The report, "Producer Power—the Third World hits back," to be published on Monday, examines the chances of raw material exporters increasing their prices in the wake of the oil price rises imposed by the Organisation of Petroleum Exporting Countries.

It says: "It would be naive to suppose that the rich countries of the world are going to forgo voluntarily their standard of living and ensure the genuine redistribution of wealth implicit in overcoming world poverty."

"We can expect a long period, certainly to the end of this century, which will witness a

direct conflict of interest between rich and poor countries."

The report poses the question of whether the conflict will remain in the area of economic warfare. Military action could certainly not be ruled out, although it seemed more likely to be conventional rather than nuclear.

There was a growing awareness of potential power among producer countries. "If producer power gathers strength and wrests concessions from the rich nations, it may serve largely to line the pockets of the rich elite of the Third World." This would probably lead to an extension in guerrilla or terrorist activity.

In the final analysis it was probable that neither side would win.

The World Development Movement is an independent body which campaigns for a fairer deal for developing countries.

maning levels and the introduction of new techniques are not only necessary but feasible."

The objectives could be achieved without compulsory redundancies if there was realism and goodwill on both sides. "But there is not much time left if we are to avoid the closure of one or more national newspapers and the large scale redundancies that would follow," said Mr. Wade.

"Unless we are prepared to grasp this nettle, there is little or no chance of securing the financial assistance from the Government which will be necessary if Fleet Street is to make the transition from Caxton to computer."

Agreement would have been easier and would have come earlier if there had been adequate consultation and negotiations with the unions at an earlier stage.

However, what was now important was that the 25 per cent. reduction in staffing provided the Observer management with a valuable breathing space.

The ball is therefore very much in their court. Let's hope they know what to do with it and that the sacrifices made by union members will not have been in vain."

Production of some editions of the London Evening Standard was hit for the second consecutive day yesterday by industrial action by NGA members who are pressing interim pay demands. About 70,000 copies were lost although later editions appeared normally. Management has rejected all demands for interim increases.

## Furnace for lamp industry

A HIGH temperature, high-vacuum furnace, introduced to the U.K. market by Fuel Furnaces, Shady Lane, Birmingham (021-597 1784), has a maximum operating temperature of 2,800 deg. C and a vacuum capability of better than  $1 \times 10^{-5}$  torr.

It has been built for out-gassing and re-crystallising lamp components.

Fuel Furnaces—a company in the Combustion Division of Hamworthy Engineering, part of the Powell Duffryn Group—is making the furnace under licence from Degussa, of West Germany.

Automatically controlled, the furnace is fitted with a three-stage programmer linked to an optical pyrometer. The heater and radiation shields are made of tungsten, with the heater in a mesh section.

The heating chamber is mounted in an enclosed bench cabinet. The vacuum pumping system consists of an oil diffusion pump and a two-stage rotary gas ballast pump.

## Versatile low cost meter

INTENDED FOR general purpose testing and service work is a 19-range multimeter WV547A put on the market by RCA Electronic Instruments, Lincoln Way, Sunbury-on-Thames, Middlesex (Sunbury 85611).

Priced at only £17.5, excluding VAT, the meter has a compact rotary switch range selection and a fully damped no-stick hand meter protected against overload or reverse voltage application by a diode.

There are six dc voltage ranges from 0.5 to 1,000 V with an accuracy of  $\pm 3$  per cent., three dc current ranges of 0.05 to 250 mA ( $\pm 3$  per cent.) and an ac voltage range with five steps from 0.5 to 1,000 V, and two decibel scales.

The meter has a sensitivity of 20,000 ohms/volt on all dc ranges. Frequency range 10 Hz to 100 kHz  $\pm 1$  dB. There are three resistance ranges.

Employing an orange coloured high-impact plastic case, the meter measures  $51 \times 31 \times 2$  inches (130 x 90 x 50 cm) and weighs 10.5 ozs (300 gm.).



## The Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

## COMMUNICATIONS

## Start of a nationwide network

FERRANTI, which earlier this year was awarded a contract worth £4.5m. for the supply of 23 Argus 7005 computer systems by the British Steel Corporation, has delivered the first of the machines to Lescro. Its software subcontractor, for use in program development work.

The 23 Ferranti machines will form the controlling elements in a nationwide telecommunications network, linking up the corporation's major plants and offices and is due to come into initial operation in 1977.

Transmission will be over 48 kHz channels for the digital data, each data band forming one fifth of the available 240 kHz bandwidth in the links between major locations. The other four fifths will be used for telephone traffic, and contracts worth £7m. have been placed by BSC for the speech switching equipment.

Next year, the 240 kHz band will be moved from the Lescro offices to the BSC bureau at Rotherham, where it will be integrated into the data network as the Network Operations Installation (NOI). It will provide overall network control and act as a centralised information point, collecting system status and statistical reports.

The NOI hardware consists of the 7005 machine equipped with 128K words of core memory, fast 2Mbyte fixed head disc, 20Mbyte of cartridge discs and the necessary peripherals.

The communications network scheme being implemented by BSC is aimed at standardising the administrative and accounting systems of the corporation and extending the use of computers for production planning and control. There are to be four major computer bureaux at Teesside, Sheffield, Corby and Port Talbot with production planning centres at the ten steel plant sites.

An interesting feature of the data communications segment is that it is based on packet switching concepts very similar to those developed by the Post Office for the Experimental Packet Switching Service (EPSS). Thus, if EPSS standards are used, BSC will have no problems in interfacing with the national data network.

Computer system expenditure by BSC over the next six years is expected to be in excess of £50m.

## A dish from Japan

A COMMUNICATIONS satellite Earth receiving station is to be supplied by Nippon Electric Company to Cable and Wireless for installation on the Indian Ocean island of Mauritius.

Working to the Intelsat 4 satellite, the £550,000 Earth station will have a 10 metres diameter dish and will be able to provide high grade circuits to meet all the external communications of Mauritius, for many years to come. It will also be equipped to receive international television.

The equipment, which uses uncooled parametric amplifiers and a step tracking system, is to be shipped from Japan in one DC8 aircraft and installation by C and W staff will begin in November. The station is expected to become operational in December.

## METALWORKING

## Computer controlled erosion

A SPARK erosion machine is being marketed in the U.K. by Charmilles (U.K.), Shepherd Road, Cole Avenue, Gloucester GL2 6OW (0452 24932).

It embodies a digital computer which provides extreme precision in setting-up manufacturing programs and executing machining operations, says the company, and converts standard engineering drawings into complex shapes.

Control is by a PDP11 digital computer which incorporates a teleprinter with tape read-out and puncher—enabling the operator to program the machine and converse with the computer. Computer language uses a programming system designated "Profil" developed by Charmilles for this application.

The cutting operation is performed by a continuously unreeled metallic wire electrode stretched between two guides. The electrode cuts the workpiece by spark erosion and the cutting profile is produced by relative displacement between

the electrode and the workpiece. Maximum workpiece size is 16 x 16 x 4 inches, and maximum weight is 550 lbs. Table compound travel is 10 x 10 inches.

## Safer neat cutting fluid

DESCRIBED AS the safest neat cutting fluid on the market, Crown Novacut No. 1 has been developed by W. Smallman and Son, Great Fridge Street, West Bromwich B70 0DE.

Almost odourless and colourless, it is claimed to give substantially superior tool life, compared with conventional extreme pressure cutting oils.

The fluid has an aromatic content of less than 1 per cent., a quantity said to be too small to be registered, even on an infra-red spectrophotometer.

## Clamping with toggle pliers

QUICK RELEASE toggle action pliers for light clamping in metalworking and fabrication operations have been introduced by F. Brauer, Grove Road, Harpenden, Herts. (08827 9388).

Called the Sermax range, clamping distance is adjusted by a threaded spindle and locknut. The spindle is copper-plated to resist weld splatter and the jaws are made from high-tensile, heat-treated forged steel.

Throat depths range from 37 to 150 mm, and maximum jaw opening from 37 to 135 mm. There are six models in the range and the two largest models are fitted with two opposing spindles.

Other tools in the Brauer range include 170 and 250 mm. long lock-on toggle wrenches, and two toggle pliers with parallel wide-opening jaws.

## ELECTRONICS

## Weights in seconds

AN ELECTRONIC balance from Sartorius Instruments, 18 Avenue Road, Belmont, Surrey (01-642 6881) involves the operator in no more than placing the item or materials to be weighed on a pan on top of the unit. The weight then appears on a six digit electronic display at the front of the balance.

Oscillation times are no more than 1.5 seconds and, if the weight of a container is not required in the reading, a "tare" bar on the front under the display is depressed before loading the container.

The Series 3700 balances require no skill to use and there are no adjustments of any kind. Four models are in production, all fast top loading instruments with weighing ranges from 200 gms to 16 kg and reproducibilities from 0.005 to 0.5 gm. Standard models are equipped with bar-coded data and analogue outputs for feeding elsewhere.

## EUCALYPTUS PULP MILLS LIMITED

Extracts from the Statement by the Chairman, Mr. C. E. Blunt, O.B.E., circulated with the 1974 Accounts.

For 1974 record profits have been earned. While these primarily reflect the favourable trading conditions that were enjoyed during the year, they are also a reflection of the strenuous efforts of management to contain rising costs and of the first fruits of the modernisation programme.

The past year has been a momentous one in the history of Portugal and the events that have taken place there are naturally having their effect on the Company. Wages and salaries have increased over the year by an average of 50% per employee and, in an effort to meet inflation which has been running at a high level in Portugal, further substantial increases have already been granted in the current year.

Legislation to nationalise the wood pulp industry in Portugal has recently been announced and it is a matter of great satisfaction to the Board that our operating subsidiary has been exempted on the grounds that it is British owned. It is hoped that this exemption may be a reflection of the fact that we contribute substantially to the Portuguese economy by our continued export of 30% of our production whilst placed as twelfth in the last published list of exporting companies for the country as a whole.

Reference has been made in previous statements to shareholders to our plans to recommend to members the transfer of the residence of the Company to Portugal. It will be readily understood that in view of the changed conditions, these plans have been discontinued.

A further sum of £268,000 has been invested in forest land during the year. Our planted land at the end of the year amounted to some 6,200 hectares (say 15,500 acres).

The strong international market for wood pulp which had developed by the fourth quarter of 1973 continued during the first nine months of 1974 and demand was so strong that our entire output could have been sold twice over.

Pulp prices were raised for shipment during the first half of 1974 and again in mid-summer for shipment during July/December 1974. However, by the fourth quarter of the year the gathering worldwide recession was casting its shadow rapidly before it and, although pulp prices rose again in December for shipment during the first half of 1975, it is now clear that demand had begun to decline and has continued to do so particularly during the second quarter of 1975.

We believe that now at mid-1975 we have just about reached the bottom of the present trough in this industry's trade cycle, but we cannot expect any real improvement in demand until the market situation improves in the U.S.A. and it may well be the turn of the year before this comes about.

At the Annual General Meeting held yesterday the Chairman announced that a second interim dividend of 12.45% (in place of the final dividend) had been declared, payable on 28th September, 1975. He referred to the fact that for Joint and several contract fulfilment guarantees, which stood at some £2,200,000 at the year-end, the affairs of the combined group had been a source of concern. The Chairman said that the £2,200,000 of the guarantees had been reduced by over a million pounds since the year-end and now stood at some £1,200,000. It was clear that the results for the first half would be very good but the Chairman emphasized that they must look for lower profits in the second half.

Sir John Colville, G.B., C.V.O., has been co-opted to the Board.



## Travelling loading ramp

MOVING PLANT and machinery usually requires specially built "low loaders" which can be expensive vehicles to keep or hire. To avoid the need for such trailers, and to enable plant to be moved on any suitable capacity lorry or trailer, a mobile adjustable loading ramp has been designed.

Mounted on a four-wheel bogie, the 33-ton trailer ramp is set up using manual worm drive jacks. These tilt the trailer and ground. The jacked end is set to the bed height of the carrying vehicle, which is backed up to the ramp.

Bridging gaps provides a smooth transition from the ground to the ramp, and from the ramp to the lorry bed, for loads weighing up to 20 tons.

## EXHIBITIONS &amp; CONFERENCES

## Putting on a show

EQUIPMENT RANGING from mobile workshops to rubbish handling systems and fire tenders will be shown by the Boughton Group at a three-day exhibition to be held at Little Chalfont, Bucks, from September 21 to 23. New products for 1976 are also to be announced.

On the final day the group's collection of traction engines dating back to 1897 will be shown. Further details can be obtained from J. Garon, Link House, 7 Woodfield Park, Amersham, Bucks. (0294 97473).

## Separation and mixing techniques

PROCEEDINGS of the first European Conference on Mixing and Centrifugal Separation held in Cambridge last year, have been published by BHRA Fluid Engineering.

Definitions of mixture quality and methods of measuring it are reviewed. The volume also contains technical papers on the techniques involved in the sugar industry, in water and sewage treatment, and in mineral recovery, enabling workers in one industry to study the solutions developed in another. An

## Can pump acids

SELF PRIMING polypropylene pumps for handling corrosive chemicals have been developed by Tangle Engineering, Blandford Heights Industrial Estate, Blandford, Dorset (02582 4222).

Called the "Polyprime" series, pumps are available with capacities up to 400 gal/min, and discharge heads up to 280 feet.

The polypropylene priming pump attachment has a large liquid container which allows the pump to run for long periods on

approach to in-line, continuous mixing and processing using a mixer with no moving parts is described.

Containing 28 papers, plus discussion reports and indexes, the Proceedings are available from Publications Sales, BHRA Fluid Engineering, Bedford (0234 750422).

## Course on pumping systems

ANOTHER COURSE in the series "Pumps and the Plant Design Engineer" has been organised by BHRA Fluid Engineering—October 7-9 at Maryknoll College, Woburn, Beds.

Intended for engineers in the process industries (chemical, oil, food, etc.), the course will deal with the design of pumping systems and process plant, and the specification and procurement of pumping machinery and associated equipment.

Principal lecturers will be K. Turton of Loughborough University of Technology and G. F. Truscott of BHRA. Other speakers will come from BHRA, British Labour Pump Co., Flexibox, Hayward Tyler and Co., RML, (Eng.), Metering Pumps and Stothert and Pitt.

Course fee is £77.50—details from BHRA, Cranfield, Bedford MK43 0AJ (0234 750422).



# The Marketing Scene

In the second edition of *Spending Advertising Money*, introduced below by ANTONY THORNCROFT, author Simon Broadbent swings away from science towards a more practical approach.

## Advertising in hard times

FIVE years ago Dr. Simon Broadbent, of agency Leo Burnett, wrote *Spending Advertising Money*, a simple but comprehensive guide to the advertising industry. It was particularly intended for advertisers of every shape and size who often felt overwhelmed when discussing advertising with their agencies.

Next week a new and revised edition of what proved an efficient work appears and, fortunately, it has been revised in the light of the past 18 months of inflation, which have undermined the traditional precepts in advertising, as in much else. To one extent, Broadbent has not attempted to keep up a date with rapid change. Readers are left to fill in the statistical tables at the back themselves, using the latest Advertising Association figures.

The first edition was written at a time when agencies were still fondly showing off the computer models which were going to revolutionise media buying, and hence advertising. The author was himself a keen scientific researcher, now he is much less sure. Yet he was little about media models these days and Broadbent admits, "we under-estimated our ignorance of how advertising worked and our uncertainty about the effects of different factors."

Research is still regarded as very useful but "research can never take a decision." Five years ago the advertising industry was optimistic and hopeful. Now the agencies are falling over themselves to show off their "pragmatism" and their ability to change in line with the fast changing requirements of advertisers (although there are few practical signs of such flexibility). Broadbent's book underlines "pragmatism" with plenty of checklists and the results guides for advertisers into every department of the game.

The book's attraction is its simplicity and its open-minded-

ness. Indeed the tendency to present both sides of every argument to a particular approach sometimes leaves the reader better informed but not more certain of what course of action to take. Some sectors are inevitably given superficial treatment but as an elementary and practical guide to advertising *Spending* does not what benefits have been derived.

*Spending Advertising Money* does not come to any great conclusions. It is a gentle nudge over the fence rather than a committed justification for advertising. But it does contain plenty of useful quotes and plenty of essential statistics. Broadbent

two magazines each week. In towns, where four out of every five people live, the average person passes over 90 posters a day. Every day 400,000 adults go to the cinema. Nearly a million people listen to Radio Luxembourg, and more to independent local radio.

The most recent estimate made

TOTAL ADVERTISING EXPENDITURE BY MEDIA

	1964	1971	1972	1973	1974	1964	1971	1972	1973	1974
National Newspapers	84	108	130	140	161	20.7	18.3	18.4	18.3	17.9
Regional Newspapers	98	152	188	254	273	23.4	25.7	26.5	29.3	30.3
Magazines & Periodicals	46	54	60	72	71	11.1	9.1	8.5	8.2	7.9
Trade & Technical	37	52	61	72	80	8.8	8.8	8.4	8.4	8.9
Directories	3	12	15	17	16	0.7	2.2	2.1	1.9	1.8
Press Production costs	18	39	44	46	48	4.3	6.6	6.2	5.3	5.1
TOTAL PRESS	288	418	498	624	649	69.3	70.7	70.3	71.4	72.1
Television	702	743	774	210	263	24.5	24.2	24.9	24.0	22.6
Poster & Transport	18	23	26	31	34	4.3	3.9	3.7	3.5	3.8
Cinema	4	6	7	7	8	1.4	1.0	1.0	0.8	0.9
Radio	2	1	1	2	2	0.5	0.2	0.1	0.2	0.7
TOTAL	416	591	706	874	960	100	100	100	100	100

To help fill in the gaps at the back of Simon Broadbent's book here are the latest AA figures showing where the £900m. spent on advertising in 1974 went.

Advertising Money (a typically down-to-earth title) can scarcely be described as a masterpiece.

There is a straightforward description of the various media, and of how agencies work—with the standard balance. For example the section giving the case for continuous advertising is followed by the case for concentrated bursts, and the arguments for using one medium run on to the advantage of using a second medium.

Finally Simon Broadbent reaches his pet area, research. He maintains that advertising should be made more accountable and that research can measure effectiveness more frequently than is supposed. It is one of the great criticisms of advertising that it is unaccountable, and that research can measure effectiveness more frequently than is supposed.

He maintains that advertising should be made more accountable and that research can measure effectiveness more frequently than is supposed.

starts with two quotations which spell out the impossibility of being definitive. "The trade of advertising is now so near perfection that it is not easy to propose any improvement."

"The science of advertising is at the same stage of development as the physical sciences were in the 19th century—in the elements, the four basic elements, secret potions, and magical incantations." The first appeared in *The Idler* in 1759.

In the text there are more passages of compressed usefulness. "Total exposure to mass media is enormous. A TV set is on for five hours on average every day. About half of this time the set is tuned to TV which means that commercials are being received for a quarter of an hour in total. In the average household one national news paper is bought every day, and

in the U.S. showed an average of around 200 advertisements per square foot, but with some people confronted by up to 500.

Asked how many were noticed, only 12 "make any kind of impression." This sums up the challenge for the individual advertisers, and as Broadbent says, "there are no willing advertisers. There are only manufacturers who decide to advertise."

This is not an apology for advertising, a task done much more effectively in the Advertising Association booklet, *Advertising in Perspective*. But in a more academic field it would be appreciated as a fine "A" level text book. The case for advertising is accepted with little question but the effectiveness of all that money scattered around agencies and media is well investigated, and this new edition is likely to prove as useful a *cadre matrem* as the first.

## Ovaltine looks to its past

BY ANTONY THORNCROFT

WITH a pretty depressing present it is hardly surprising that advertisers should be trying to gain consumer acceptance by encouraging nostalgia for the past. In fact television commercials were early on to the bandwagon through successful campaigns like that for Hovis. Now another of the great products of the inter-war years is returning to its roots—Ovaltine.

This autumn's TV campaign will use the original 1935 Ovaltine jingle and the film reflects life and times in 1937. A. W. Winder, the makers of Ovaltine and part of the giant Swiss Sandoz group, has been edging backwards for two years now, just about the time it switched to agency BWA. The pack was changed, with the traditional goodness theme, and the posters on display have been almost identical to those used before the war.

Now the theme has been extended to television, with an initial advertising budget of £300,000, which could increase if the company has been successful in the process.

But the brands were not a great success and in the process, the company has been sliding in sales.

Wander is digging deeper into the past because it seems to work in sales terms. Within six months of the change in pack sales had risen by 20 per cent, and market share was 6 per cent, higher at 43 per cent of the £5.5m. grocery side of the food drink market—taking in chemists and other outlets this is a £7.5m. business.

Market share has probably wandered a bit since then for although food drinks may present a cosy image to consumers this is one of the most competitive industries in the U.K., with Winder and Beecham's Horlicks sloping away neck and neck, with about a third each of the total sales.

In the early 1970s Winder became very marketing-minded and attempted to broaden its product range on the back of its best known brand. Heavy user Mohammed Ali came over to give new lines like Instant Milk and Coffee Time some punch in presentations to the retail trade. But the brands were not a great success and in the process, the company has been sliding in sales.

## The League of Ovaltineys



concentrated on the old reliable, original radio shows with original Ovaltine Leslie Crowther, and a copy of the 1935 Ovaltiney music can be acquired for around 60p. But there is little chance of getting the Club off the ground again. It once had a membership of in the millions but now, as well as the advertising attempts to revive it have failed, there will be an Ovaltiney and we are not perhaps that far plus radio spots in Scotland.

## Brave New World for the Beehive

BY DOINA THOMAS

NEXT TUESDAY the 38 staff of Conran Associates is going on a "works outing"—the designers, accountants, receptionists, students, managing director and messenger boy are going by train, boat and coach to Arnhem in the Netherlands.

They are going to see the new Bijenkorf store which has been designed, from lamps through carpets to ash-trays, in toto by Conran Associates. This design group, intimately associated with the Habitat retail chain whose new catalogue is due next week, has been working with KBB, owners of de Bijenkorf, or Beehive, and one of the Netherlands' largest retail chains since 1972.

That was when de Bijenkorf, a fashion setting innovative department store chain, decided that it might need a general revamp and set out on a pilgrimage round Europe's design houses to look for help. The first project on which Conran Associates assisted was the transformation of a storage room into a home furnishings department. The Arnhem project was much larger, the complete design and fitting of one of Holland's first self-service department stores.

"The de Bijenkorf stores have two problems," comments Chris Haines, managing director of Conran Associates, "the first is the extremely high cost of staff, which demands a tremendous self-discipline on their part."

The trust behind such a commitment had gradually been developed over the first Rotterdam project where Conran learnt in work with KBB's buyers, architect's department and sales staff. The relationship between client and designer in this instance has grown very close, perhaps elastically to the point for some people.

In the course of designing this first self-service department store the Conran designers worked their way through every sales department—haberdashery was the most difficult. It is the essential service department, everything measured to order. It was found that a quick but unobtrusive signposting system was needed to make shoppers feel at home so that they would find their way about the store without buying search for the much reduced staff.

A simple form of colour coding was devised, yellow areas meant cash desks, green meant transport from one floor to another, pale blue was information—and also the colour of the uniforms worn by the "hostesses" who

replaced the sales girls. "If a department was obviously visited, such as hats, we did not want a sign hanging above it. The most striking example of this simple form of communication is probably that for the public telephones—just a large, bright red illustration of a phone on the wall behind it.

One of the more difficult areas was the designing of the display gondolas before the total store concept had been worked out. Necessary because of the time scale, Conran devised a fairly flexible, tiered system which was demountable and modular, and could be combined into many shapes which would display both for attraction and selling purposes.

The essence of the contract lay in preserving de Bijenkorf's relationship with its buying public. The company had carefully researched the situation, in the context of retailing conditions in the Netherlands generally. And it was up to Conran to translate the solution in visual terms: "quality and innovation had to be expressed in display terms as much as in the colour of the uniforms worn by the 'hostesses' who

replaced the sales girls. "If a department was obviously visited, such as hats, we did not want a sign hanging above it. The most striking example of this simple form of communication is probably that for the public telephones—just a large, bright red illustration of a phone on the wall behind it.

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Money-off coupons are an increasingly popular form of promotion. The experiences of a major user, Quaker Oats, are outlined.

## Housewives slow to change habits

BY KEN SMITH AND ALAN TOOP

SINCE 1970 Quaker Oats has mounted several hundred coupon distributions of widely varying magnitude and is currently redeeming 6m. coupons a year. Money-off coupons are very much in vogue with grocery manufacturers at the moment as an important technique for reducing inflationary pressures on house-keeping budgets, and Quaker has been analysing this very large body of past coupon data to provide guidance for future coupon campaigns.

Quaker's couponing activities span breakfast cereals such as Sugar Puffs, and Wheat and Quick Quaker Oats; Sutherland's fish and meat spreads; cat and dog foods such as Felix and Chumky canned and semi-moist pet foods.

Methods of distributing coupons for these brands have included the pack itself (for example, "3p off your next purchase of Quick Quaker Oats, when you use the coupon printed on this packet"), coupons printed in advertisements in Shopping, a magazine distributed free through letter boxes throughout the country at regular intervals; and finally the specialist door-to-door distributors whose teams put through letterboxes coupons, leaflets and other literature from just one or a number of manufacturers. Redemption rates measure the percentage of coupons distributed which end up back in Quaker's hands as a claim for money. Coupons printed on the brands' packs themselves, offering money off the next purchase, have consistently achieved the highest redemption rates, averaging out at not far short of 50 per cent. In the case of Quaker dog foods, and nearer 80 per cent in the case of breakfast cereals and cat foods. The high figure for dog foods perhaps reflects the very great frequency with which these products are purchased, giving the dog owner frequent opportunities and a strong incentive to use the coupon printed on an earlier purchase.

The door-to-door distribution of coupons has typically resulted in between 5 per cent, and 10 per cent, being redeemed. Coupons in Shopping magazine have achieved redemptions of around 5 per cent. Whatever the medium used the redemption of coupons for Petfoods' brands is naturally limited to the percentage of homes owning either a cat or dog.

To date at least there is no evidence that redemption rates have risen during this five-year period, despite the growing demands on the housewife's purse over the past two years. However, it could be that infla-



tion has only recently begun to really "bite" hard enough to change the attitudes and actions of those housewives who have not traditionally been coupon-orientated.

Coupons printed on pack, offering money "off your next purchase" have typically produced prompter and more immediate response than either coupons printed in Shopping or those distributed separately door-to-door. For example, within four weeks of distribution of a recent on-pack coupon one in fifteen of the coupons eventually redeemed had been received by Quaker. After the same four-week period only one in fifty of the Shopping magazine coupons eventually redeemed were received, and only one in one hundred of a door-to-door coupon's final redemption came in within the first four weeks. Half the coupons finally redeemed were back in Quaker's hands within 16-20 weeks of the issuing of the on-pack coupon, and meanwhile the redemption of the Shopping magazine coupons had picked up to reach 50 per cent of the final figure also within 16-20 weeks of distribution. Door-to-door coupons continued to lag in this respect, however, requiring 24-28 weeks before half the coupons finally redeemed were received.

No evidence emerges from the Quaker data that housewives are redeeming coupons more quickly than they used to, though this particular analysis is a difficult one in view of changing methods and procedures during the five-year period covered. Similarly no evidence emerges from the data to suggest that cash flow problems are prompting the grocery trade to send in coupons to the manufacturer any more promptly now than they were in 1970. Trade practice in-

terms of how frequently coupons are forwarded to the manufacturer continues to range from weekly through monthly to irregularly in the case of certain major accounts.

High face value of coupons (for example 5p rather than 3p) has produced higher levels of redemption than coupons which in fact offer proportionally larger discounts. For example, a 5p coupon was offered against a large pack size of one of the Quaker brands, the 3p coupon against a smaller pack size of the same brand. The 5p coupon represented just over 9 per cent of the normal retail price of the large pack size, the 3p coupon represented over 14 per cent of the normal retail price of the smaller pack size. The 3p coupon was thus more generous in respect of the size of discount it represented, none the less the coupon with the higher face value (5p) achieved a level of redemption half as high again as the 3p coupon.

## Agency News

● VAN DEN BERGHS is giving Stork a new look and a new taste from September 4. The relaunch will be backed by a £275,000 national television campaign on the theme that Stork tastes good by itself. The £200,000 Stork Supermarket campaign will continue through September, and the Supermarket theme will be used in one of the on-pack promotions planned for the autumn. The new wrapper design gives greater prominence to the Stork symbol.

● ALLARDYCE has gained the £200,000 Slumberdown quilt account.

● FOOD BROKERS McCauley will handle the sales and distribution of all the products manufactured by Rakusen from September 1. The Rakusen sales force will be absorbed into McCauley's. The Leeds-based Rakusen is a leading supplier of Maltos products to Jewish consumers, but also has a stake in Portelli pasta products. The new business is worth an extra £1.5m. in sales to McCauley.

● J. WALTER THOMPSON has published in booklet form, with a mass of tables, chairman John Treasure's speech to the Institute of Grocery Distribution in April on the theme of Consumer Restraints, which spells out how housewives have reacted and might continue to react, to inflation.

● THE IPA has recently published two useful booklets to

help marketing men. "Direct Mail Marketing Check List," £1.50, and "Visual Aids List," £7.50, are available direct from the IPA. Another more specialised booklet has also been published. "Advertising specialisms in Denmark," which explores the variety of outlets available there to advertisers, price 75p.

● THE U.S. giant Borden Foods is to introduce its Realmon bottled lemon juice onto the U.K. market. Noble Jacobs will handle the launch, on which £50,000 is being spent in three months, breaking on Sept. 1. The product retails at 21p for an 8 oz. bottle, and Borden hopes to increase the lemon juice market in this country by 35 per cent.

● WITH A total budget from its new account Eymek lens, part of Sangers, of just £10,000, advertising consultants Lees Spinks and Gillman had to manoeuvre carefully. It gave the lens to six leading photographers including Sarah Moon, John Claridge and Mick Dean, and asked them to take a photograph, and then created advertisements from their comments.

● METTOY is spending £200,000 on its pre-Christmas advertising campaign, the biggest in its history. Mixed media will be used, with television accounting for a major share of the budget, and the Corral range of die-cast toys will be promoted particularly heavily.

● THE NEW town of Glenrothes has appointed Struthers to handle all its advertising and promotional activities from the agency's recently opened Edinburgh office.

## THE SCOTS-IGNORE THEM AT YOUR PERIL!

The Scottish market is often undervalued by advertisers, partly due to a lack of really up-to-date information. But a new survey based entirely on Scotland, commissioned by the Daily Record and Sunday Mail, gives advertisers all the figures at their fingertips when it comes to income and expenditure patterns and popular newspapers.

For example, did you know that...

● Almost three-quarters (72%) of top household income groups in Scotland are in the C1, C2 and D classes.

● 53% of young women in Scotland spent more than £100 last year on clothes and footwear compared with 47% in England and Wales.

● A higher proportion of people in Scotland bought beer for home consumption than in England and Wales.

● The average net household income in Scotland differs very little from that in England and Wales.

● 36% of all motorists in Scotland obtained their vehicles new compared with 32% in England and Wales.

● The powerful and popular newspaper combination of the Daily Record and Sunday Mail reaches 65% of all Scottish households—and their readership accounts for over 70% of all Scottish spending on food and household stores, furniture, clothing, tobacco products and alcoholic drinks.

## What's in the survey for you?

It contains a wealth of information, relating actual expenditure to particular markets. This means you will be able to target advertising more accurately, rather than relying on somewhat inaccurate social class market definitions. The survey covers:

Household Income	Employment Status	Alcoholic Drinks	Tobacco	Daily Newspapers
Personal Income	Number of Earners	(at home, in pubs)	Savings and Investment	Colour Supplements
Sex	Life Cycle	Clothing	Central Heating	Sunday Newspapers
Age	Home Ownership	Cars	Furniture	ITV Viewing
Marital Status	Sound Equipment	Motoring Products	Food Shopping	BBC Viewing
Social Class	Photography	Cigarettes	Holidays Abroad	ITV Stations
Region	Consumer Durables	Cigars	G.B. Holidays	Cinema Attendance

## Conclusion

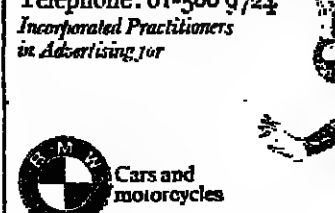
Scotland can no longer be ignored. That message comes loud and clear from the survey. So why not get all the facts? Ring Kerry Mackendrick in Glasgow (041 248 7000) or Ron Carpenter, Media Planning Manager in London (01822 3304).

**Daily Record**

Stuart MacVicar,  
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Glasgow G3 8DA

**SUNDAY mail**

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## One hand on the lever

THE NATIONAL Institute of Economic and Social Research is at pains in its latest Review to emphasise the difficulties of making reliable forecasts at a time when circumstances are in many ways so unlike those of the past as to make experience a dangerous guide to the future. There are major uncertainties in forecasting not only the course of world trade but the behaviour of U.K. exports and imports in relation to world trade, in forecasting not only the success of the voluntary incomes restraint policy but the subsequent movement of profits and personal consumption. "To summarise," the Review states, "the forecasts this time seem subject to more than usual uncertainty, but there is no clear presumption about which way the error may go."

Despite this general uncertainty, the Institute seems to be fairly confident that unemployment will continue to increase, reaching 1.1m. for the U.K. (seasonally adjusted and excluding students and school-leavers) by the end of this year and something between 1.1m. and 1.2m. by the end of 1976. Since the present level of unemployment is, to use the Institute's words, well outside anything experienced over the sample period of the data used to estimate the forecasting relationships, this confidence is probably due as much to sheer bunched as to econometrics. Yet it forms the basis for the Institute's policy recommendations.

### Import controls

The Institute has constantly advocated the introduction of a semi-permanent incomes policy. Now that a rough and ready version has been introduced, it is not only looking forward to the more sophisticated system (which it would like to see have statutory backing) that will have to replace it next summer but is making the success of this first version the touchstone by which to judge all other policies. Thus it argues that, from the domestic point of view, an incomes policy and rising unemployment are alternative policies and that voluntary pay restraint would be more likely to stick if unemployment were to cease more than a vague promise.

## Outside masters of Rhodesia

MR. VORSTER, the South African Prime Minister, and President Kaunda of Zambia have a deal of evidence by now that want a negotiated Rhodesian settlement: Mr. Smith and the Rhodesian African National Council do not—at least not on any terms likely to be acceptable to the other. That is the main lesson to emerge from this week's unsatisfactory conference at the Victoria Falls. Mr. Vorster and President Kaunda brought their clients to the negotiating table, but they could not force them to negotiate. Yet it would be surprising if that were the end of it.

### Loophole

It is true that both the South Africans and the Zambians have made mistakes, but they also learn from them. The Lusaka agreement at the end of last year, which was the first step towards Southern African détente, was so vague that there was scarcely an agreed version of what it said: indeed there seems never to have been an agreed written text. The Pretoria agreement, which brought about the Victoria Falls conference, was an improvement in that it was in more concrete terms, but it still had its shortcomings. There was, in particular, no assurance that the exiled ANC leaders would be allowed diplomatic immunity to return to Rhodesia and take part in the conference work at the committee stage. The Zambians, who signed the agreement, accepted this and thought they could find a way round it with the ANC. In the event, they failed and Mr. Smith was in no mood to help them off the hook. He simply took the opportunity of blaming the breakdown of the talks on the intransigence of the African national leadership, much as the ANC blamed it on him.

Mr. Vorster could not bring Mr. Smith to heel overnight, yet it seems unlikely that he is now going to drop his whole interest in a settlement merely because Mr. Smith has found a temporary loophole. We have Mr. Vorster's own word for it that the alternative to a settle-

rising and if the fall in real incomes were to be less sharp than it is at present expects. From the point of view of the external balance, though it agrees that the best course would be for countries in the strongest position to relate demand more strongly, it suggests that if unemployment continues to rise for long the pressure for import controls will be so great that the Government would be better advised to anticipate than give way to it. "In a world in which levers are to hand to reduce unemployment," it declares, "the U.K. should make it clear that it cannot allow its unemployment level to be dictated indefinitely from outside."

### Cautious reflation

Although it argues that it would be necessary to begin the reflation of demand fairly soon in order to influence the level of unemployment next summer, when the unions will have to be wooed into acceptance of some form of incomes restraint which is more complex and therefore harder to enforce, it is in the end ready to put only one hand on the lever: cautious reflation, and small but frequent interventions in an expansionary direction, is its current prescription.

The first reason it gives for caution, which we wholeheartedly accept, is the margin of error surrounding its forecasts. The second, which all those who back (however grudgingly) the policy of voluntary wage restraint must accept, is that the new policy is as yet untried and that it is too early, after less than a month, to assume that it will be fully effective. The third reason is that a little reflation in good time will reduce the risk of an overdo later on. This is valid in theory, but it leaves the questions. How much? and When? unanswered. Nor does the Institute have much to say about the fact that, if consumers are to be allowed more real spending power at a time when there is an urgent need to increase productive investment and improve the balance of payments, cuts in public expenditure will have to be more than a vague promise.

### Package

Their most immediate efforts seem likely to go into seeking a resumption of the talks which began at the Victoria Falls. Yet, in their growing experience, there must be another point that can have escaped neither the South Africans nor the Zambians. This is that whenever Mr. Smith and the ANC do get together they seem incapable of moving beyond procedural matters. The fundamental question of the transition to majority rule has scarcely been broached. Mr. Vorster and President Kaunda could do worse than set their officials to work on some practical proposals and even consider presenting them to their reluctant clients as a package. That, after all, would be no more than a logical extension of their intervention so far.

With the British Association for the Advancement of Science meeting to-day, David Fishlock speculates

# Where advancement of science may repay its cost

"It is a most alarming of Britain's best-known men of science last night," that the present antagonisms of society to scientific activity may deepen further." Professor Sir Bernard Lovell, the Manchester astronomer whose readiness to chart the progress of space science for the mass media made him familiar to millions in the 1960s, was in uncharacteristically sombre mood when delivering his presidential address on the eve of this year's meeting in Guildford of the British Association for the Advancement of Science.

Professor Lovell chided his fellow scientists for their readiness in the past to persuade society to support their activities with the argument that something of practical benefit would flow from them. Simple belief in automatic material progress by means of scientific discovery and application was, he said, a "tragic myth of our time."

The pursuit of understanding, he argued, was an essential occupation in modern society for its own sake, "a transcendental value in man's life and purpose." Society was mistaken in becoming disillusioned just because science had failed to find answers to all its problems, and because scientists had failed to keep all their promises.

This year the British taxpayer will be meeting a bill for Government-sponsored scientific research and development that nudges £1bn. The start-to-day of the 137th conference of the British Association, the annual meeting of society and science, is a good moment to reopen the question: Why should the Government spend so much money on science?

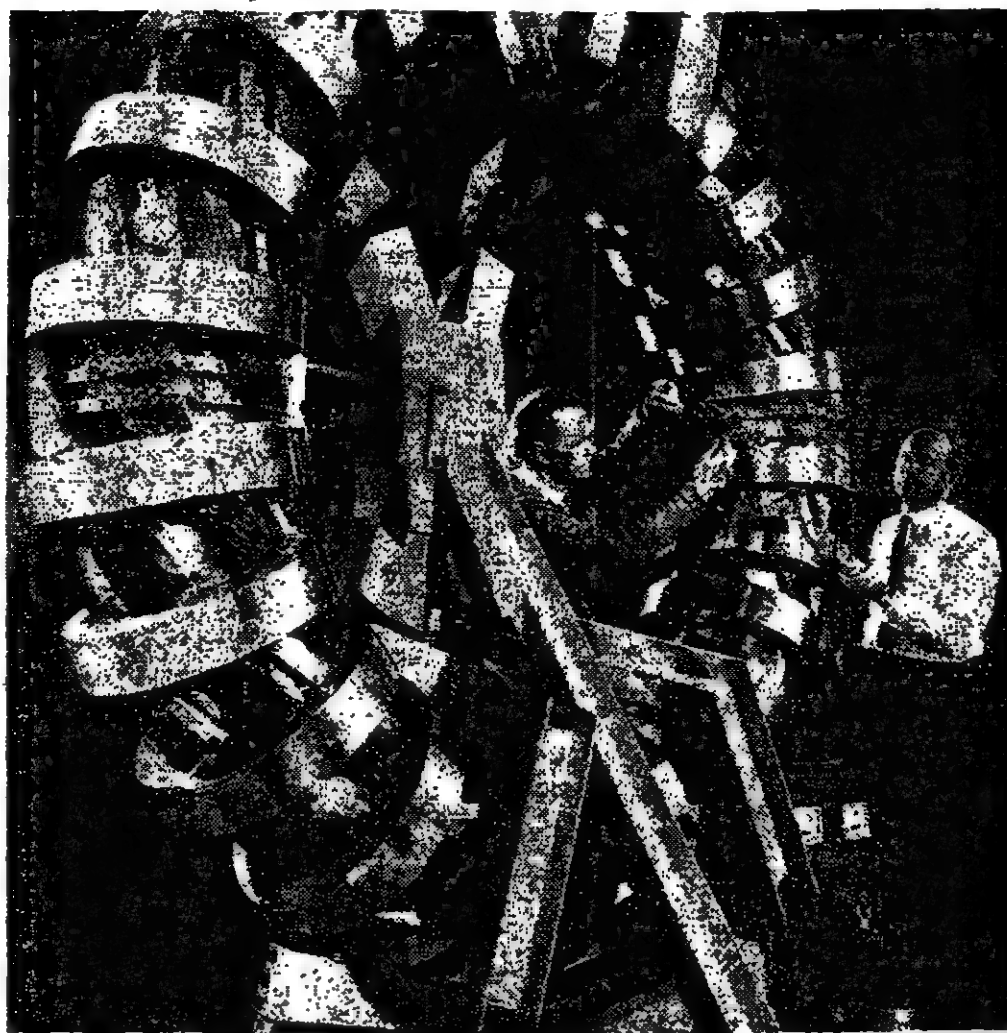
## Four basic reasons

There are four basic reasons for investing in science at the taxpayer's expense:

1—To open new options for action and to maintain an authoritative standard of technical advice for more broadly based decisions affecting national security in the widest sense: that is, economic and social as well as purely military security.

2—To disclose areas, and to propose remedial action, where society's well-being might suffer if decisions were allowed to be dominated by sectional interests and/or purely economic criteria (say, in public transport or public health). Areas at risk range from product purity and quality to such (deceptively) simple matters as maintaining standards of measurement.

3—To educate and train people in the way scientists and engineers think, as opposed to the more traditional intuitive processes. In many branches of science to-day this can be done only by providing facilities of



The CLEO torus used in thermonuclear fusion experiments at the U.K. Atomic Energy Authority's Culham Laboratory, one of the potential sites for JET, the proposed Joint European Torus.

considerable sophistication. 4—To contribute to science as a major and stimulating facet of contemporary culture, sometimes of very wide appeal, as illustrated by public interest in astronomy, in advances in medicine, or in safeguarding the ecological environment.

Professor Lovell last night was concerned primarily with the last two of these four basic reasons. Beyond any question, however, the primary reason why government—any government—invests in science is the first, to open new options. Unfortunately, the difficulty of anticipating the point on the frontiers of science at which fresh understanding may occur, to open a new option has given scientists great freedom, perhaps too great freedom, in the last 25 years to claim support for their work on the grounds that it may prove of ultimate national value.

To illustrate the difficulty of anticipating (take two examples of advice to the British Government from the boundaries of understanding of science of the time, each of which was to have the most profound consequences for Britain and the western world. One was the advice of Mr. Robert Watson-Watt, then superintendent of the National

Physical Laboratory in the mid-1930s, who drew upon a decade of purely scientific exploration of radio of the ionosphere in proposing an entirely original—and, as it turned out, devastatingly effective—method of detecting and locating aircraft. It led to radar, with its numerous civil as well as military applications to-day.

The other example is the Frisch-Peteris memorandum to the British Government, composed by two nuclear physicists in 1940. "On the construction of a 'super-bomb' based on a chain reaction in uranium." It was composed at a time when physicists generally were inclined to reject the notion that uranium could afford a new weapon for the Second World War. The scientists' analysis posed highly pertinent questions, overlooked elsewhere, arising from the latest discoveries in the universities of Europe; then answered them, with uncanny accuracy, in terms of how uranium's energy could be released and what the consequences must be.

Neither of these documents could have been drafted by persons less than totally aware of the extent of knowledge in their scientific speciality. Moreover, although military considerations caused the drafting of both pieces of advice, purely civil

considerations—respectively, air space congestion and diminishing fossil fuel resources—could equally well have occasioned them at a later date.

These two documents can claim a seminal influence on British Government policy for more than 25 years, which has been to back virtually any and every sector of science for which a sound scientific case for research could be assembled. Only in the past year or so has inflation obliged science, which is both labour- and capital-intensive, to choose between projects, and hence to abandon such schemes as the construction of a new and much bigger radio-telescope (at a cost which, it is believed, would not have been less than £25m.).

This situation is not unique to Britain. It is no longer possible for even the richest nations to pursue all the opportunities for doing good research, no matter how compelling the scientific case. In fact there is genuine difficulty in assembling a balanced portfolio of scientific objectives within the means of any one nation.

Given this situation—which is not going to disappear—and the fact that the world has not been well prepared for the consequences of scientific progress in the past 25 years, it is

perhaps worth making a more sophisticated attempt to decide whether fresh understanding may open important new options in say the next 25 years. Could we perhaps do more to anticipate "break-throughs" and prepare for the social changes they may bring in their wake, by isolating those targets of contemporary research that promise (or threaten) to have the most profound impact?

Emphasising the word profound eliminates those goals—such as advanced nuclear fusion reactors or electric motor cars—which, although still important research targets, will not decisively change anyone's life. At the same time one should rule out ideas, however alluring, where there appears to be no scientific basis for anticipating a "breakthrough" inside 25 years: low-energy anti-gravity systems for cheap flying, telepathic communications, or the discovery of extraterrestrial life of a high order, for example.

One scientific quest stands out head and shoulders for a society founded on cheap energy, and that is the search for controlled thermonuclear fusion. This may never be cheap, and may prove less free from radioactive hazard than some of its proponents claim. But if science can liberate fusion energy at a controlled rate, society will at least be assured of unrestricted energy supplies, and stable energy prices.

The physics of controlled fusion have still to be demonstrated. The physicists believe that this may prove possible during the next decade with the experiments now being planned, such as the EEC's Joint European Torus (JET), at a total cost for each experiment likely to be £50m.-£100m. or more.

## Immense effort

Even then—and this point probably applies to all of the prospective "breakthroughs" that follow—the experience of the past 25 years teaches us that an immense technological effort will still be needed to bring the idea to fruition. Major innovative efforts have tended to take several times longer to execute, and to cost several times as much, as anyone believed at the outset. In the case of controlled nuclear fusion, immense temperatures, pressures and neutron fluxes that must be accommodated safely, all greatly in excess of anything demanded of present-day nuclear reactors, imply that we must first learn to build fusion reactors properly before we can hope to make a success of fusion.

A technologically less demand-

ing way of harnessing nuclear fusion—if scientifically further away—might be a more efficient way of converting the sun's energy into food or electricity. The allure lies in the abysmally low energy conversion efficiency both of photo-synthesis in the case of crops and of photo-cells in the case of electricity. Most scientists would agree that the more promising point of attack, in view of past efforts, is more efficient photo-synthesis.

But there are other intriguing possibilities for influencing food production. One is a major advance in long-range weather forecasting, with precise forecasts up to about a month ahead. Central to such an advance would be computing power far outstripping anything meteorologists—who already use greater computing power than any other science—can contemplate to-day. But the breakneck pace of advance in solid-state physics and the miniaturisation of electronics raises a real possibility that logic and memory (computer storage capacity) sometime in the future will be virtually free, and the immense computing power required could become available at an acceptable cost.

## Mechanical engineers

Then, to return to solid-state physics, there is the possibility of creating materials with properties far surpassing those familiar in engineering to-day. Electrical engineers have long been tantalised by the prospect of superconducting materials, unhampered by electrical resistance, of a performance that they might conveniently and economically exploit. Similarly, mechanical engineers dream of the possibilities of materials that much more closely approach their theoretical strength, perhaps ten or even a hundred times as strong as those commonly used to-day. For electronic engineers entirely new phenomena of considerable power in sensing and control may remain to be discovered in new combinations of highly purified crystals.

There is little difficulty, therefore, in identifying points such as these at the frontiers of science from which discoveries and insights as significant as those of the past few decades may yet emerge. The difficulty lies in assembling that "balanced portfolio" of scientific objectives, and in providing the resources to exploit them efficiently. Clearly, for example, very few nations will be able to afford more than a single demonstration of the feasibility of controlled thermonuclear fusion, and this problem could recur with most of the examples mentioned, suggesting that nations will be forced to co-operate much more than they do now to spread the cost.

## MEN AND MATTERS

### The china MP

MAYBE the Potters ought to seek revenge. If British manufacturers, so miffed at the House of Commons's purchase of German china, could persuade the Bundesrat to buy foreign crockery, one of the German MPs who would end up using it would be Philip Rosenthal, chairman of the Bavarian company at the centre of the fuss. Rosenthal, now 59, is a member of the Social Democrat party and put his Socialist principles to work in the early sixties by starting Germany's first worker participation scheme in the family business. That had been founded before the turn of the century by his father, the third generation of a family of small potters, who ran away to America at the age of 17. He ended up as china-ware buyer for three Detroit stores before returning to start the German Rosenthal company, based in the town of Selb.

The present chairman was at school here with Edward Heath, and intended to become an Oxford don, an ambition frustrated by the outbreak of war. Philip Rosenthal joined the French Foreign Legion, was captured by Vichy forces, escaping to Britain via Gibraltar. He worked in this country as a baker's apprentice, journalist and finally in the Foreign Office.

### Italian venture

What have an Italian film producer, a South American industrialist, a Midlands sales engineer and a London chemical engineer in common? The answer is they are all shareholders in Vetro Resin Engineering, started two years ago by Small Business Capital Fund (SBCF). Yesterday it was announced that production had started of the glass reinforced resin (GRR) storage tanks using a process perfected by Vetro Resin of Udine, Italy.

The tanks can be used to store anything from oil to beer or wine and Vetro Resin has an impressive list of Britain's top firms making up a current order book of £200,000. Profits may come in 1977, but in time the company is looking for a market of over £100m. a year and claims the only purpose-built factory for the product in the U.K.

Spangaro family in Udine answered an advertisement calling for technology to produce GRR in the U.K. The advertisement was placed by Ian McKenzie, a director of SBCF, a chemical engineer, and convinced that there was a potentially large market in the U.K.

His conviction stemmed from his experiences as an engineer with Unilever (which included a spell in Nigeria setting up a detergent plant), consultant with PA, and entrepreneur in process equipment here and on the Continent.

When negotiations started with Vetroresina, the Spangaros insisted that two Italian friends be included in the joint venture. As a result two sleeping partners own about a fifth of the equity of Vetro Resin: Joe Janni, producer of Midnight Cowboy and Sunday Bloody Sunday, and Carlos Levin, who has built up an industrial empire in South America.

Under the joint venture, SBCF matches Vetroresina's 26 per cent. equity stake in Vetro Resin with £310,000 of equity and debt for 50 per cent. The balance of the equity is for executive directors, led by man. Italy so far this year, as well as ageing director Gerald Griffin, a 44-year-old Midlands sales engineer recruited by Ian McKenzie. "Gerald is tough and experienced and a team leader," stresses McKenzie. SBCF offered Griffin £12,000 plus perks including 5 per cent. equity at par. Before he accepted, though, he flew off to examine the products at Udine.

"When I saw the GRR tanks standing outside the offices, I didn't even have to get out of the car—they were perfect," he recalls, and is now setting out to convince others that he is right.

### Italian job

Italian criminals—ever imaginative—have moved into new pastures with the mysterious

theft discovered yesterday of films by three world-famous directors from the Technicolor SPA Laboratories on the outskirts of Rome.

The films, by Federico Fellini, Damiano Damiani and Pier Paolo Pasolini, were at varying stages of completion. While the missing footage of Fellini's "Casanova" involves only the early scenes, the other two, especially Damiani's "Genius," were all-but finished.

Although evidence is scant it is generally assumed that the theft signals a new departure for Italy's thriving film industry, and that ransom will shortly be asked for the return of the reels—which incidentally weigh some 200kg. Their commercial value is nil—except to the film-makers themselves. Copies could be made but of inferior quality, and the alternative, short of reshooting them entirely, would be to use rejected takes of the same scenes, artistically an obviously unsatisfactory solution.

If the kidnap theory is correct, films will have joined people and horses as targets. Already some 40 people have been seized in Italy so far this year, as well as one rehorse—the still missing American trotter Wayne Eden. Wealthy Italians are now insuring themselves and their kin against being victims, at rates reportedly of up to £1.5m. a month: enough to cover ransoms of up to £40m. (£2.8m.).

### Dirty trick

In Dublin 800 dustmen and street cleaners are on strike, and the rubbish in the streets is building up to the point where there are worries about health hazards. Great pity. This happens to be the Irish National Tourist Board's anti-litter week.

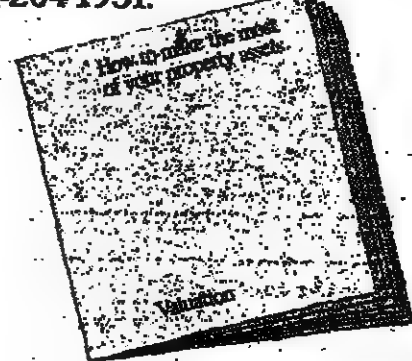
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# The charity of the uncharitable

NOTHING COULD be less well-named than the "New International Economic Order" to which leading nations are paying lip service at an excessive number of conferences. This week and next week and thereafter. It is neither new, nor economic, nor an order.

The assumption behind the ragbag of proposals, aspirations and slogans is that the poverty of Third World countries is due to market forces, which should therefore be replaced or supplemented by international government action.

Anyone who inquires about the truth of this belief is soon told that he is unaware of international political realities. But in any case, there is nothing new in governmental, or even international, regulation of trade. Controls on exports and imports have been imposed by rulers since time immemorial. The period of relatively free commercial relations has lasted less than 200 years; and nearly all the current ideas for commodity price agreements and government-to-government contracts formed part of the stock in trade of Dr. Schacht in his post-liberal period in the 1930s, and of Mr. Harold Wilson in his earlier incarnation at the Board of Trade.

The word "economic" is out of place because the whole idea is to replace market relations by political ones; and for this very reason the new system is more likely to become a disorder than an order. When the terms of trade appear like the weather, it is possible to sympathise and assist those who suffer; but the sufferers cannot blame other countries. When,

on the other hand, they are the outcome of a clash between national interest groups, we have instead confrontation between identifiable adversaries, which is not likely to encourage settled relations helpful to world trade.

## Interests

The New International Economic Order is best understood if we look not at the arguments but at the interests of the main parties concerned. The oil-producing countries would like to acquire some moral legitimacy for their cartel and also some allies by associating their actions—which in themselves hit the poorest countries hardest, as shown in the IMF report—by placing themselves at the head of a Third World coalition against the West. The Third World countries are themselves mostly run by inefficient dictatorships (a point which it is regarded as bad form to mention), who would like to find Western scapegoats for their failure to fulfil their grandiose promises, and who stand to benefit from proposals which increase the dependence of their own citizens on government action.

But the rationale of Western governments is the most interesting of all. If they and their citizens really accepted Mr. Wilson's statement that "the wealth of the world must be redistributed in favour of the poverty-stricken and the starving," and believed that this could be done, they would go in for direct transfers of income. But as this is mostly lip-service, the obvious tactic is to put the emphasis, as Mr. Wilson

does, on "commodity agreements," or "equitable prices," of which both the benefits and costs are suitably obscure.

The cost of such arrangements to the Western domestic consumer is much less obvious than that of taxes to pay for direct aid. Nor is the fact that such agreements may do little or nothing to help many poor countries much of a deterrent. Nine-tenths of mineral exports from developing countries are estimated to come from countries making up only a quarter of the Third World's population. Many of the others would be hurt by the impact of raw material price increases on their developing manufacturing industries. The point is that such proposals are welcomed by the "most typical Third World leaders, who pin their hopes on rechanneling of the resulting revenues between governments rather than on free international trade.

There is, however, an interesting difference inside Western governments on these subjects. Economic departments are conscious of the balance of payments costs (under less-than-free floating) and inflationary costs (under permissive monetary policies) of higher import prices. For Foreign Offices, on the other hand, these are banal trivia, compared with the fond hope of keeping Third World industries away from Soviet or Chinese influence. It is this no accident that Dr. Henry Kissinger is much more sympathetic to the New International Economic Order than the U.S. Treasury.

It is particularly unfortunate that so much of the running in British policy is being made by

## OECD TRADE IN INDUSTRIAL RAW MATERIALS BY PRODUCT, 1973 (\$ bn.)

Commodity Groups	Imports		Exports	
	Total	of which from third countries	Total	of which to third countries
Hides and skins	2.21	0.60	1.88	0.32
Natural rubber	1.16	1.16		
Wood	10.07	4.36	5.28	0.22
Pulp and paper	3.13	0.15	3.25	0.47
Natural fibres	6.34	2.27	4.23	0.59
Of which: Wool	3.32	0.22	2.67	0.24
Cotton	2.20	1.34	1.43	0.74
Other fibres	0.82	0.11		
Crude fertilisers	3.19	1.01	1.99	0.28
Of which: Fertilisers	0.56	0.41	0.13	0.03
Metalliferous ores	9.08	4.10	4.39	0.13
Of which: Iron ore	4.14	1.96	1.78	
Non-ferrous ores	4.52	1.98	2.37	0.87
Other crude materials	2.41	0.71	1.74	0.18
Non-ferrous metals	14.25	5.34	10.46	1.81
Of which: Copper	2.15	1.77	0.53	
Nickel	1.02	0.13	1.08	0.14
Aluminium	2.66	0.31	2.82	0.47
Lead	0.43	0.10	0.39	0.07
Zinc	0.75	0.16	0.73	0.14
Tin	0.62	0.46	0.15	0.05
Total of above	57.77	19.70	33.73	4.70
Total trade	410.31	102.72	398.48	97.58

the FCO which provided, on a personal basis, the U.K. membership of the recent Commonwealth summit in Kingston. The possibility that attempts to raise commodity prices will be costly and disruptive to consumers, while not increasing the income of primary producers, emerges strongly from a recent report by Hugh Corbett for the Trade Policy Research Centre, whose work is worth more than the vast bulk of pretentious reports by international agencies.

The Commonwealth experts

report asks us to recognise the "positive features" (a well-known term in Soviet Communist jargon) of producer associations. But to be successful a cartel has to control the greater part not only of current supplies, but of commercially exploitable reserves. Moreover, if the cartel eventually fails, the producers could find themselves worse off, if it has provoked a successful search for substitutes during its period of temporary success; and the stockpile likely to be accumulated will be an overhang on the market for a long time.

## Ambiguity

The slogan for all commodity agreements since the end of the war has been "stabilisation," which is useful because of its ambiguity. Does it mean stabilising earnings, or reducing fluctuations around the price trend, or pushing up or maintaining the price itself? The price that matters is the relative price of primary in relation to manufactured goods. This is bound to change both for particular products, and for primary products in general, in line with the supply and demand situation.

Because world-wide inflation and currency fluctuations make prices in terms of say, dollars or sterling misleading, there is a strong case for expressing prices in terms of some general index of purchasing power; and contracts expressed in this way will be "inflation-proofed." Unfortunately, what the Third World countries mean when they demand indexation is not inflation-proofing in this sense, but freezing the structure of

relative prices at some arbitrary (and presumably historically partial) level. This only serves to discredit indexation of a sensible variety, as such a rigid structure would lead to continuous surpluses or deficits, which it would be extremely difficult to suppress.

Buffer stocks are again in fashion as a method of maintaining prices; and the non-aligned countries are hoping for OPEC support to support a fund for the non-aligned countries to acquire such stocks on a joint basis. Present UNCTAD plans are for 10 commodities to be financed by a \$6bn. fund. Even if the managers of such a fund could agree how much of each commodity to accumulate, they would soon run out of funds and find themselves with embarrassing stockpiles, unless they were reinforced by agreed limitations on output and sales. One of the difficulties pointed out by Mr. Corbett is that apart from tin, phosphates and bauxite and one or two minor metals, there is no major mineral exported only by developing countries. Even in phosphate and bauxite, large reserves exist in industrial countries. Cartels in natural rubber and fibres would be limited by synthetic substitutes.

## Difference

The main difference between export cartels and commodity agreements is that the latter include the importing countries who agree either to confine purchases to members and/or take minimum quantities from them within the specified price range. The conflicts of interest are greater; and it is no accident that only a very few such

agreements such as wheat, coffee and tin have been even partially successful for a limited period. But the difficulties would be multiplied if a network of commodity agreements were to be negotiated together, envisaged by UNCTAD.

## Instability

The basic argument against commodity schemes is that if successful they depress world real income by switching both consumption and production away from the lowest cost products and sources of supply. Many of the costs are borne by producers — often the poorest of all — in the developing countries themselves, who are squeezed out from markets they would otherwise have enjoyed. To the extent that they are partially or intermittently successful, commodity agreements increase instability, both political and economic. The loss of the rich is not necessarily the gain of the poor — either domestically or internationally.

Commodity agreements, like price rings in general, are basically what Professor Gordon Tullock has called the charity of the uncharitable. Their political attractions are perfectly obvious; but it is time both to remove the halo of sanctity which surrounds them and remind British leaders of the long established interest of this country in access to the cheapest possible supplies in non-rigged world markets.

\* Raw Materials: Beyond the Frontiers of Commodity Power by Hugh Corbett. 22 Trade Policy Research Centre, 6 Ruckingham Street, London, W1C 8BN.

## Shotton works

From Mr. A. Montgomery.  
Sir—It was refreshing to read Harold Butler's well-considered report on the Shotton (August 18). To many, the dilemma facing Lord Beavick is the choice between the ideology of economy of scale on the one hand and the social problems arising out of redundancies on the other. The assumption seems to be made that economy of scale is desirable if a solution can be found for the redundancies. In fact, the solution needs to be far more sensitive and realistic.

The main reasons and arguments used for the retention of steel making at Shotton have been the long-existent good labour relations at the works and its successful operations. These facts are only two manifestations of a good and self-contained plant developed over many years with thought and skill. Good labour relations were due to the fact that the organisation was run at the works from the chairman downwards and the ability between the workers from the chairman downwards was the key to its success.

As a self-contained unit, the works operated at a profit of £15m. per annum at a time when the steel industry was in a state of deep depression. The Ravenscroft, made losses of this order. Moreover, prior to nationalisation, Summers at no time needed Government money to remain solvent, as did the two plants named.

It is surely a condemnation of economic planning, forecasting and market research that less makers, Llanwern and Ravenscroft, are selected for development and the successful for the chop. It is a great disadvantage of nationalisation that decision making has to rely far too much on soulless economic prophecies and has to subordinate experience and judgement to the detriment of the industry as a whole.

Are not economic assessments on which centralisation and rationalisation decisions have been taken now very suspect? In my judgement, it was wrong to base capital programmes on inflated export hopes at premium prices and does it make sense to spend money in merely copying the Japanese? Some of us believe in using and developing the assets we have to the best advantage and developing less capital intensive methods to leapfrog our competitors.

John Summers was highly profitable because close attention was given to customers' needs and time scales: the works developed markets for coated steels and produced steel more cheaply than its competitors. Critics claimed that Summers could only make steel more cheaply because it spent nothing on plant and had a low depreciation provision. It is true that money was never wasted on the plant, but plant was always replaced or modernised as soon as it was established that it would yield an improved return. It is ironic that had not the open hearth furnaces been so profitable, they would have been replaced prior to nationalisation and the present dilemma would not exist.

As it is, with the introduction of two vessels, Shotton will have a balanced plant capable of producing steel cheaper than supplies from South Wales.

Moreover, Shotton is recognised as the foremost coater of steel in the world; there are many varieties in production and under development. There is therefore great advantage for the works to control its own production of steel to meet the specialised needs of the different coating processes.

It is useful to recall that the

## Letters to the Editor

original conception of the nationalised industry was that each company was to retain its individuality. This promise did not last long and in a number of steps has been replaced by centralisation and rationalisation with very dubious results and the loss of jobs. It is time to be stopped up by the old profit makers. Can we hope for another change of heart and for decentralisation of balanced plants? Let us hope that for all these reasons, Shotton, like its sister plant Shotton in the days of John Summers, will be permitted to retain its steel making.

## Honesty in advertising

From the Chairman.  
Dorman Smith Holdings.  
Sir—The Government recently published full page advertisements in the national Press in which it made certain statements about the anti-inflation programme. The sixth and last point "if you own any shares your dividends will not be allowed to rise by more than 10 per cent. over 12 years" is quite untrue in the case of close companies. Present legislation requires close companies to pay shareholders a fixed percentage of profit after tax, and if a close company were to increase its profits in the current year beyond 10 per cent, legislation would require that company to distribute more than 10 per cent. increase in dividends to shareholders. There are thus hundreds (probably thousands) of close companies in this country employing a substantial portion of the population that have suffered malicious treatment at the hands of successive Governments.

That it should now publish an untrue statement calling into question the honesty of those chairmen of close companies who may over the years have taken the trouble to describe the law accurately to their employees regarding mandatory dividend payment, is quite scandalous. Furthermore, I have been advised by counsel that it is not possible in this country to apply for an injunction restraining the publication of the advertisement however misleading or untrue any part of it may be — a truly astonishing state of affairs.

G. F. Alberton.  
Atherton Works, Preston.

## Ownership of art

From Mr. D. Watt.  
Sir—Mr. Peter Reeve (August 23) criticised Mr. Dennis Sutton's article of August 19, an article to agree that Mr. Sutton did not express himself with his usual felicity, but surely he was correct in dismissing as an illusion the idea that national collections will benefit from the dispersal of private collections. The object of the wealth tax, as I understand it, is to redistribute wealth—that is, money—not to transfer works of art to galleries, which are already starved of funds. Mr. Reeve's three questions are, therefore, easily answered. To force "the wealthy" to part with works of art will not disseminate art more widely. They will not necessarily end up in a public collection, or indeed in Britain at all; so however you define "national heritage" they will not necessarily continue to be part of it.

If I were forced to sell part of

a collection to pay the tax levied on it, I would sell it to the best possible advantage. The work of art in question might end up by being even less accessible than it might be now—in an air-conditioned private gallery in the Middle East, for example.

If art owners are to be forbidden to sell abroad, and compelled to sell to national collections, then we will be further along the road to a Socialist State, for we had realised, though Mr. Jenkins' support of the idea should have alerted us, that the national and provincial collections were started or substantially augmented by private collectors. The wealth tax will ensure that there will be no more private collectors. Egalitarian, yes, but what a tragedy for art and all of us.

David Watt.  
69, Dartmouth Park Road, N.W.5.

## Non-executive directors

From Mr. O. Lee.  
Sir—Your correspondent S. Smith (August 26) is so right in pointing out that while boards of directors are in the spotlight, the role of the individual director requires urgent review. In particular, what should he be expected to contribute? We hear a lot about rights but little about obligations.

In much of the discussion it is assumed that his role should be that of a representative for an identifiable interest—watchdog for the shareholders, a worker director, Government appointee, etc. I submit that his must be resisted. A company cannot be run on the basis of a short-term advantage for the most powerful current coalition on the board.

The law at present charges all the directors with ensuring that the company is properly managed. This involves maintaining a balance between conflicting sectional interests for the long-term benefit of the company as a whole; a difficult task which is attempted by directors with broad and unbiased views. In order to give a lead in such cases, the non-executive director must be able to acquire an up-to-date knowledge of what is best for the company in the light of changing circumstances. This involves him spending much more time in the company than in merely attending board meetings. He should participate in those informal discussions which conclude that "something must be done about that."

It is a fact of life that the urgent tends to displace the important and even executive directors who live with the detail of day-to-day operations, find it difficult to step back at board meetings and evaluate a long-term decision on its true merits rather than on the basis of the headaches it will cause them in implementation or the power shifts which might result. I cannot see how worker directors can contribute here, but non-executives can if they understand the day-to-day pressures and the strengths of the personnel involved.

So many things are now being suggested for inclusion in annual reports that I hesitate to commend Mr. Smith's final suggestion. I realise the importance of shareholders and the general public being able to recognise a given company whether the directors are appointed by the chairman under the old pals act to provide him with moral support at difficult board meetings, or whether they hold office with the genuine intention of playing a vital part in ensuring that the company is properly managed. The latter func-

tion could be ensured if the institutions nominated some or all non-executive directors from a list of experienced people with the time available to do the job on a professional basis for up to a maximum of four companies. Such directors would not represent the institutions but would have their impartiality and independence vouched for. O. R. J. Lee.

Cresta.  
3, West Side Common, Wimbledon, S.W.19.

## Causes of inflation

From Mr. Z. Schloss.  
Sir—Anthony Harris in "The Fund on Euro-myths" (August 22) says in effect that the Euro-currency markets are not an instrument of credit creation and do not contribute to inflation. The following must, however, be noted.

It is true that Euromarkets do not lead on more than their deposits. The ultimate recipients however of the spending financed by the Eurocurrency loans (that is, the central banks etc. of the surplus countries) can do so by depositing or recycling their receipts into the Eurocurrency markets. To that extent there is effectively credit creation.

Eurocurrency markets to a large extent accept short-term deposits and lead to finance long-term capital investment or balance-of-payment deficits. Thus resources are used up now in order to create a stream of goods and services in the distant future only, quite possibly in the remote future, an inflationary process. The banks do this business because they are counting on always being able to obtain deposits at interest rates which their borrowers can afford to pay.

As Anthony Harris intimates: Eurocurrency markets are the consequence of an international monetary system which is based on the settlement of balances through creation of debt and which therefore lacks the disciplines of a system based on settlement with assets (such as, for example, gold) whose availability is limited. Euromarkets are therefore not a fundamental cause of inflation. It is the international monetary system itself, with Eurocurrency markets as only one important consequence, which breeds inflation.

Z. Schloss.  
49, Dorset Drive, Edgware, Middlesex.

## Sport on TV

From Mr. L. Meredith.  
Sir—Every time I read an article by your TV critic Chris Dunkley reviewing sports coverage his sheer ignorance and bias is very apparent. In a recent offering (August 20), he stated that 100 runs are scored by Test sides in a period of 90 minutes. If only it were true Mr. Dunkley! The facts are that the average day's play produces 250 runs in a period of six hours.

As usual he makes carping remarks about football—a game which with all its faults still draws as many spectators in a fortnight as cricket does in a season. Why Mr. Dunkley? Hardly because of the sheer enormity of the drama of such matches as the Matthews Cup Final, the World Cup Final of 1966 or the annual giant killing exploits of a non-League side.

I write as a supporter of all live sports.  
L. J. Meredith.  
3, Linden Grove, Goldingchester, Huntingdon.

## To-day's Events

GENERAL  
TUC general council meets in Blackpool.  
Commonwealth Finance Ministers meeting continues in Georgetown, Guyana.  
British Airways annual report. Lloyd's of London global returns. British Association for the Advancement of Science annual meeting continues, Guildford.  
EXHIBITIONS  
London—the City and its Port, an exhibition devoted to commerce and environment of the River Thames and City, depicted in silk, Guildhall Art Gallery, EC2.  
Handicrafts and Do-it-Yourself Exhibition, Olympia.  
Brighton International Exhibition

and Trade Fair, Metropole Centre.  
COMPANY RESULTS  
Associated Portland Cement (half year).  
Cement-Roadsteads (half year).  
Ladbroke Group (half year).  
Lonrho (third quarter).  
Mather and Platt (half year).  
Wigzell (Henry) (full year).  
COMPANY MEETINGS  
Harris (Philip), Birmingham, 12.  
Latham (James), Leeds, 12.  
Clapton, 2, 3.  
Mercury Securities, 30, Gresham Street, E.C. 12.

Morgan Edwards, Shrewsbury, 12.  
Peterborough Motors, Peterborough, 12.  
Phillips Patents, Manchester, 12.  
Tex Abrasives, Colchester, 12.  
Vinten Group, Bury St. Edmunds, 12.  
OFFICIAL STATISTICS  
Bricks and Cement production (July).  
Housing starts, completions and grants (July—provisional).  
Manufacturers' and distributors' stocks.  
Capital expenditure by manufacturing distributive and service industries (second quarter—provisional).

MUSIC  
London Symphony Orchestra (conductors Sir Michael Tippett and John Rutter).  
Cresley (Piano). Strauss (Don Juan). Tippett (Piano Concerto). Beethoven (Symphony No. 8 in F major). Royal Albert Hall, 7.30 p.m.  
SPORT  
Cricket: Fourth Test—England v Australia, Oval.  
Golf: Irish Open championship, Woodbrook.  
Extra play championships, Northumberland.  
Swimming: ASA championships, Coventry.

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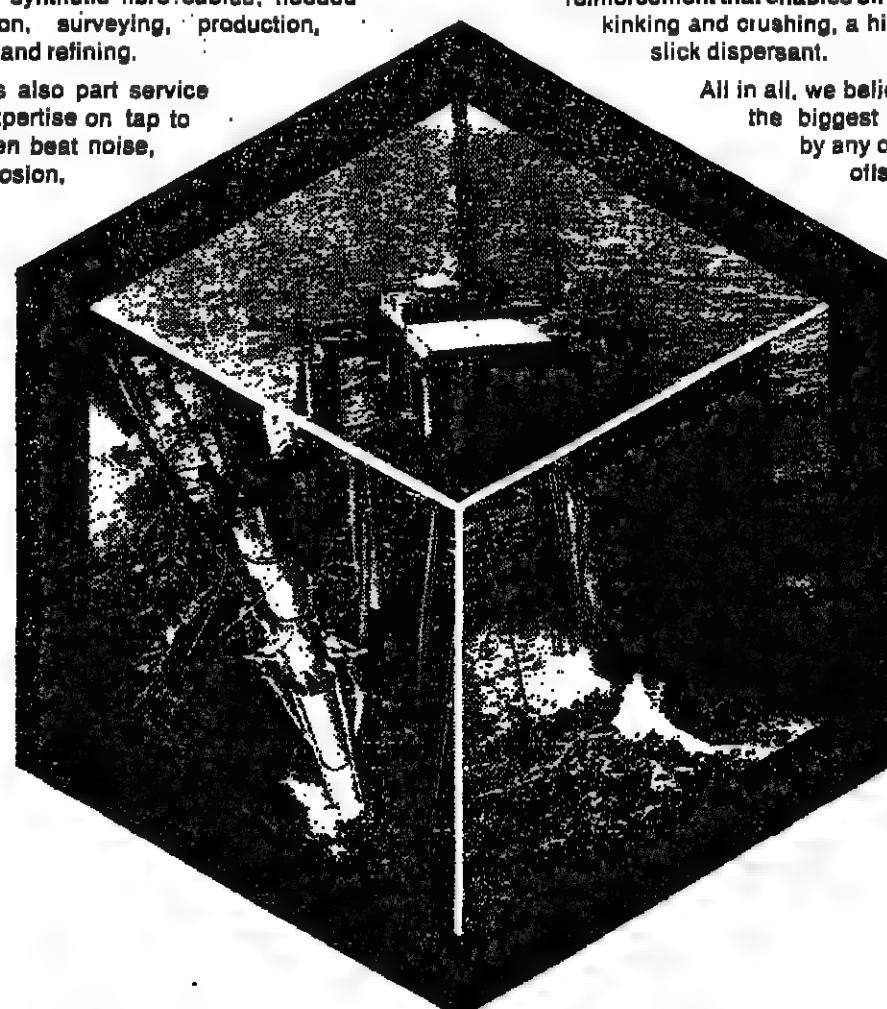
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# Overseas share markets: Firms trend on economic optimism

# Dollar easier

BY OUR WALL STREET CORRESPONDENT

A FIRMER TENDENCY returned to Wall Street today, reflecting optimism resulting from a Commerce Department report of a 1.7 per cent rise in the U.S. Index of Leading Economic Indicators in July.

After opening another 3.99 down at 799.12, the Dow Jones Industrial Average rallied to 807.02, for a net rise of 3.91. The NYSE All Common Index regained 23 cents to \$44.94, after dipping 12 cents to \$44.59, while advances led declines by a mere 70 issues. Trading volume decreased 24,000 shares to 111.1m.

Dr. Arthur Burns, Federal Reserve Board chairman, said that the FED would continue to use steps to reduce long-term interest rates by purchasing long-term Government securities.

But investors stayed wary about high U.S. interest rates and spiralling inflation.

Also in the news, Israel and Egypt were reported close to an initial Sinai Peace Agreement.

...Bandag, the most active issue, shed \$1 to \$30—a block of 240,000 shares traded at \$29.

Northrop gained \$1 to \$27.75 on a \$300m contract to modernise a squadron's Air Force.

Storer Broadcasting tackled on \$1 to \$11.50, negotiating for possible sale of its Boston Garden and Boston Bruins Unit.

Wheeling-Pittsburgh Steel fell \$1 to \$17.75—its omitted the Common dividend.

Interstate Brands picked up \$1 to \$14 on a dividend of 20 (5) cents per share.

Atlantic Richfield climbed \$1 to \$10.15 and Dow Chemical gained \$1 to \$8.75.

Steels were firm, but Motors were fractionally mixed.

The American SE Market Value Index rose 0.06 to \$4.00, although declines outnumbered advances by 200 to 247.

Synates, the most active issue, moved up \$1 to \$31.

Imoco-Gardner advanced \$1 to \$6.11—plans to revert to a privately-owned company.

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Paper held unchanged at 110.07. Hamilton Trust and Savings Preferred "A" advanced \$2 to \$30. Barlequin Enterprises moved up \$1 to \$39—a 51 per cent holding is to be purchased by Toronto Star.

Moore rose \$1 to \$45.75. Western Broadcasting put on \$1 to \$20.35. BRUSSELS—All sectors lower, but trading remained very thin.

Sofina, however, put on Frs. 10 to \$1.60. Sidro, GB-Inno-BM, Tessenard, Cometa, Asturienne, Union Miniere, Solvay, and Cockerill all lost ground.

Rio Tinto Zine rose in otherwise lower U.K. issues. Gold Mines and all other Foreign stocks fell back.

In Insurance Nationale Nederlanden gave way Frs.120 to \$0.3. Most Transportations lost heavily.

AMSTERDAM—Market drifted lower virtually across the board, with Wall Street's overnight decline the main depressant.

Ako dipped Frs.15 to \$2.3 in Dutch Internationals on concern over its European chemical fibre unit Ziska Glasnost.

Algemeene Bank dropped Frs.9 to \$1.33 following the terms of its bid for Mees en Hope, down Frs.2 to \$1.57.

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## INSURANCE, PROPERTY, BONDS

## LEADERS AND LAGGARDS



**Shaw  
Carpets**  
Limited

Earnings per share	3.4p	5.6p
Ordinary dividends per share	2.0736p	1.884p
★ Maximum permitted dividend declared.		
★ Export sales increased to £2.92m.		
★ Bank borrowings reduced from £2.14m. to £0.79m.		
★ Formation of U.K. and Export divisions.		

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## OFFSHORE AND OVERSEAS FUNDS

**NOTES.**

include 5 premium, where are in peace unless otherwise allow for all buying expenses. include all expense. s. c. Yield based on offer price. Today's opening price free of U.K. taxes. Capital all expenses except agent's offer price includes all bought through managers. price % Net of tax on realized gains indicated by a % Guarantee. % Stamp duty.



#### **HOTELS—Continued**

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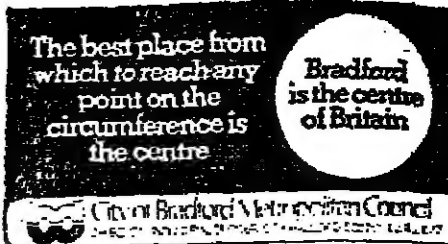
This service is available to every Company dealt in the  
Stock Exchanges throughout the United Kingdom for  
a fee of £255 per annum for each security.





# FINANCIAL TIMES

Thursday August 28 1975



## Counter-inflation 'talk-ins' planned

By Richard Evans, Lobby Correspondent

THE NEXT phase of the Government's massive public campaign to consolidate public opinion behind its counter-inflation policy will be a series of conferences in regional centres throughout the country.

The conferences, it was disclosed yesterday, will be addressed by Ministers, trade union leaders and businessmen and are expected to take place in November and December.

Mr. Geoffrey Goodman, who has been seconded from the Daily Mirror to take charge of the Counter-Inflation Publicity Unit, said yesterday that he hoped "both sides of industry will co-operate to explain the policy."

Talks are taking place with the TUC and CBI to get the conferences off the ground.

Last night Mr. William Whitelaw, Conservative deputy leader, criticised the Government's "Attack on Inflation" as being distributed to households. He called the pamphlet "disappointing" and in one respect misleading "document. Pay restraint could not by itself amount to a counter-inflation policy. The Government had been and was still being profligate in spending the taxpayers' money and public expenditure had to be cut."

Our labour staff adds: The CBI meanwhile yesterday published its own comprehensive guide to the anti-inflation policy. It is being sent to all of its 12,000 members this weekend and can also be purchased from the CBI.

The booklet, "The New Anti-Inflation Policy—Practical Guidance for Employers," takes a look at the legal basis of the policy and also deals in depth with pay limits and intervals, and recent changes in the Price Code.

The guidelines "passed" by the Department of Employment but without prejudice to Ministerial decision in specific problem cases—white on some passages of the White Paper by quoting examples.

For instance the document lists typical fringe benefit improvements that must be offset against the pay limit if they do more than keep pace with rising costs: meal subsidies, lunch vouchers, mileage and clothing allowances and private health insurance.

It makes clear too that any reduction in employee contributions to an occupational pension scheme as well as any increase in employer contributions must be offset.

Guaranteed wage schemes are improvements that are allowable but merit payments, including those involved in grading schemes, are not.

Any formal and established incremental element would be allowed provided it met the general rule on increments, which is that they can be paid in addition to the 5% so long as there is no net addition to the wage bill.

One awkward point is that when second-stage payments of pro-policy agreements are made (and these second stages are allowed in full provided the next principal settlement takes account of them) the amount by which they enhance actual earnings must also be taken into account.

## 'Secret deals' on Sinai will seal interim peace pact

By Robert Graham and L. Daniel

WITH VIRTUALLY all the issues solved in what will be publicly revealed of the Egyptian-Israeli interim agreement, Dr. Henry Kissinger, the U.S. Secretary of State, is now concentrating on working out the details of the two "secret" understandings. These relate to the Egyptian-Israeli-U.S. tripartite Egyptian-Israeli-U.S. understanding, plus a separate Egyptian-Israeli-U.S. understanding, between Washington and Israel.

These secret understandings, which will not be published, initially at any rate, nevertheless form an integral part of the package for the new interim settlement between Egypt and Israel.

The tripartite understanding primarily concerns the delicate question of the U.S. presence in Sinai. Although this idea has been accepted by both Israel and Egypt, the precise number of personnel and their function has to be agreed—with perhaps a full-back position in case the U.S. Congress raises objections. How much of the U.S.-Israeli agreement will be kept secret and how much will have to be submitted to Congress is not yet clear.

### Key issue

The bilateral agreement between the U.S. and Israel is still expected to take time to finalise—even given the present pace of negotiations. Apart from Egyptian undertakings made indirectly to Israel via the U.S. on the economic and trade boycott and diplomatic warfare,

this will contain the key question of American financial and military aid.

Although the latter issue is being left until last, the Israelis are likely to regain their hard-earned position for compensation for loss of the Abu Rudeis oilfield, and guarantees of future oil supplies.

Not mentioned here but presumed also to be a key element is the controversial question of an Israeli-U.S. security pact. Despite these hurdles still to overcome, the feeling is that an agreement, including these secret undertakings (many of which have been leaked or are expected to be leaked by one of the two sides) will be ready for initialing by the weekend.

Dr. Kissinger, who arrived here late this evening, will probably remain until tomorrow evening.

Contrary to earlier expectations, the Israel Labour Party will support the proposed interim agreement with Egypt almost unanimously, thus ensuring it of a comfortable margin in the Knesset. Although former Defence Minister Moshe Dayan is opposed to it in its present form, the majority of the "Raia section" will support it.

### Involvement

Defence Minister Shimon Peres, Mr. Dayan's former disciple, came out strongly in support of the agreement at an internal meeting of the Labour Party's central committee today at which he described the U.S. position in the proposed arrangement as one almost of actual involvement.

Only one member of the party's central committee and Knesset faction said he would vote against the proposed agreement, while three members voiced objections, including Minister of Police Shimon Hillel. The party's final position will be worked out on Sunday and the Knesset will be convened on Monday or Tuesday to confirm the agreement.

Reuter reports from Alexandria: The Egyptian Cabinet today approved the interim agreement with Israel. Egypt expects to be initialled in the next few days, probably on Friday.

## Angolan rivals in secret talks on common platform

By Jane Bergerol

Lisbon, August 27.

SECRET TALKS between the Regular Movement for the Liberation of Angola (MPLA) and Dr. Jonas Savimbi's UNITA aimed at finding a common platform for five of Angola's liberation movements and a formula for their co-operation to lead the country to peaceful independence—are going on in Lisbon this week, under a strict security cover.

### New team

The Portuguese Government is also meeting both movements separately. But the essential understanding being sought—and one which would apparently exclude the third Angolan liberation movement, Holden Roberto's National Front for the Liberation of Angola (FNLA) from a role in Government either before or after independence—is being hammered out by MPLA and UNITA alone.

The two movements have been meeting since Monday under the leadership of their representatives on the National Council for Reconciliation, Lopo Nascimento for MPLA and Joseph N'Dele for UNITA.

At the same time, the Lisbon Government has put together a new special Portuguese team on Angola, directly responsible to President Costa Gomes. The team is headed by Admiral Leonel Cardoso, Naval Commander-in-Chief in Angola, who is likely to replace General Silva Cardoso, the pro-FNLA Commissioner in Angola, now facing the sack.

The secret talks, which were

### Go-between

As the middle of the road movement of the three units has habitually played the role of go-between in the past, and may now be agreeing to bipartite talks as a prelude to yet another mediating effort later.

FNLA's exclusion from an Angolan settlement could not but lead to more acute fighting inside the colony, particularly since China continues to back the Zaire-based movement with military training and President Mobutu of Zaire with arms supplies.

Timor governor sees Page 5

## Cavenham sells Slimcea subsidiary to Spillers

By David Bell

CAVENHAM, the food group, has sold its Slimcea subsidiary to Spillers. The sale is in line with its policy, announced last week, of concentrating on "mainstream activities."

Slimcea, which is based near Slough and has been in existence for about 25 years, manufactures a low-calorie bread mix which it sells on a franchise basis to bakers throughout the country.

Although the value of the deal has not been made public it is understood that Spillers has paid about £1m. for Slimcea's net tangible assets and about £500,000 more for goodwill.

In its annual report last week Cavenham said that Slimcea had been "severely hit" by the rise in the price of wheat and by the sharp increase in the price differential between standard breads and

speciality products, like Slimcea, which had been subsidised less than ordinary loaves.

As a result, the company said, the loss for the low-calorie bread fell by about 25 per cent. last year. It is now estimated to be about £15m. at current retail prices.

As well as Slimcea, Spillers has also bought Procea, another dietary bread mix, and Adcol, an adhesive paste by-product of the process used to make Slimcea and Procea bread mixes, as part of the deal.

Despite the depressed state of the low-calorie bread market, Spillers' purchase of Slimcea is likely to intensify the competition between it and other brands like Nimbale, a low-calorie bread baked by Ranks Hovis MacDougall, one of Spillers' main competitors.

## Commonwealth to back economic plan

By Paul Lewis

Georgetown, August 27.

COMMONWEALTH Finance Ministers were expected to give their qualified approval later today to a draft proposal for a new world economic order based on managed raw material markets, and intended to bring greater benefits to the developing nations.

Although Britain and the other industrial members have strong reservations about many of the scheme's more radical aspects, the Ministers in all probability will agree to send it to the United Nations as a basis for further discussion and negotiation at the seventh special session on development problems which opens in New York next week.

At this stage their backing for the plan would be primarily of political importance. The endorsing it in however qualified a form, the industrialised Commonwealth countries are hoping to show they are ready to co-operate on improving the lot of the developing world and thus avoid another ugly confrontation between rich and poor in the United Nations.

The United Nations of the kind which occurred at last year's special session on development questions.

However, the reforms which the Ministers discussed here this week are unlikely to bring any immediate improvement to the economies of the developing world even though the richer countries are concerned about their plight on humanitarian grounds and worried that their growing financial difficulties may retard the expected return in world trade next year.

This proposal is submitted to the meeting only in the form of an interim report by the committee of experts set up to study reform of the world economic system by Commonwealth Heads of Government at their meeting in Jamaica last May.

But it is also clear that most of the specific suggestions which the so-called McIntyre committee has been able to come up with so far, are too radical for the industrialised white Commonwealth countries—at least in their present form.

Economic Viewpoint, Page 13

## Weather

U.K. TO-DAY

DRY with sunny periods in much of England and Wales.

London, E. and W. Midlands, Dry, sunny periods. Early mist or fog. Wind S. light. Max. 27C (81F).

E. Anglia, S.E. and Cent. S. England

Dry, sunny periods. Early mist or fog. Wind S. light, onshore sea breezes developing. Max. 27C (81F).

S.W. England, S. Wales

Dry, sunny periods. Early mist or fog, persisting near coasts. Wind S. light, onshore sea

breezes developing. Max. 26C (79F).

N. Wales, N.W. England, Lakes, N. Ireland

Dry, sunny periods. Early mist or fog, persisting near coasts. Wind S. light. Max. 24C (75F).

E. and N.E. England

Dry, sunny periods. Early mist or fog. Wind S. light. Max. 26C (79F).

Cent. Highlands, Moray Firth, N.E. and N.W. Scotland, Argyll Borders, Edinburgh, Dundee, Aberdeen, S.W. Scotland, Glasgow, N. Ireland

Cloudy, occasional rain. Hill fog patches. Wind S.W. light. Max. 22C (72F).

Outlook: Dry at first in S. Cloud and occasional rain in N. Lighting-up: London 20.25, Manchester 20.41, Glasgow 20.55, Belfast 20.59.

## BUSINESS CENTRES

Y-day mid-day Y-day mid-day

Alexandria S 21 24 London S 25 27

Amsterdam S 21 24 Luxembourg S 25 27

Algeria S 21 24 Madrid S 25 27

Bahia S 21 24 Manchester S 25 27

Barcelona S 21 24 Melbourne S 25 27

Bombay S 21 24 Moscow S 25 27

Buenos Aires S 21 24 New York S 25 27

Calcutta S 21 24 Perth S 25 27

Cairo S 21 24 Prague S 25 27

Cardiff S 21 24 Reykjavik S 25 27

Cebu S 21 24 Rome S 25 27

Colon S 21 24 Singapore S 25 27

Dublin S 21 24 Stockholm S 25 27

Edinburgh S 21 24 Sydney S 25 27

Frankfurt S 21 24 Taipei S 25 27

Glasgow S 21 24 Tel Aviv S 25 27

Hong Kong S 21 24 Toronto S 25 27

Imbong S 21 24 Warsaw S 25 27

Johannesburg S 21 24 Zurich S 25 27

## HOLIDAY RESORTS

Y-day mid-day Y-day mid-day

Alicante S 21 24 Jersey S 25 27

Amsterdam S 21 24 Las Vegas S 25 27

Batumi S 21 24 Larnaca S 25 27

Bombay S 21 24 Malaga S 25 27

Buenos Aires S 21 24 Manila S 25 27

Calcutta S 21 24 Miami S 25 27

Cairo S 21 24 Moscow S 25 27

Cardiff S 21 24 Naples S 25 27

Cebu S 21 24 Nice S 25 27

Colon S 21 24 Oporto S 25 27

Dublin S 21 24 Rome S 25 27

Edinburgh S 21 24 San Francisco S 25 27

Frankfurt S 21 24 Seoul S 25 27

Glasgow S 21 24 Singapore S 25 27

Hong Kong S 21 24 Stockholm S 25 27

Imbong S 21 24 Sydney S 25 27

Johannesburg S 21 24 Taipei S 25 27

Johannesburg S 21 24 Warsaw S 25 27

Johannesburg S 21 24 Zurich S 25 27

## THE LEX COLUMN

# The ACT snag for Euroferries

Gifts have shown signs of running out of steam in the past few days, and rumours that the dread word "reflation" had been used in the National Institute's latest review were causing nervous gossip yesterday. When the market has assimilated the full report after official publication this morning it may be partly reassured; the Institute is being very cautious, and any way its views do not usually have as great influence on gilt, but coming ahead of the TUC Conference, the review provides an indication of the kind of two-way pressures which the market will have to cope with in the months ahead.

Index fell 3.7 to 315.9

### Pearl Assurance

Pearl's promised improvement in general branch underwriting is taking a while to come through—first half non-life underwriting losses are actually up from £1.19m. to £1.38m., and there is still a small loss after taking in investment income. However, the results were exceptionally poor in the second half last time, when underwriting losses ran to £2.3m., and now that Pearl is out of Canada and the London casualty pool it is possible that this year's second half will improve on the

mum, indicating a yield at 206p of 7.8 per cent., slightly above the life insurance average. See also Page 15

### Volvo

After six months of 1975, Volvo seems more optimistic about its motor car operation but its much more profitable truck division is showing signs of strain. Margins on cars slumped to 3 per cent. during 1974, and further weakness here largely explains a drop of over two-fifths in group profits so far this year. But the figures are a fifth better than in the preceding six months, and car production rates should improve a little over the rest of the year. Volvo is sticking to this January's target of 220,000 units for 1975 (down 5 per cent.) and it is hopeful that the losses at Daf are not going to get any greater from now on. Meanwhile stocks are relatively stable, and capital spending is rising: the U.S. plant, scheduled for production in 1977, is apparently proceeding to plan.

But orders, received for trucks, forestry machinery, and marine and industrial engines were weakening towards the end of the period: although the combined sales of these divisions are about a quarter lower than on the car side, they accounted for over two-thirds of 1974's profits. So the share seems likely to remain of minor interest to the U.K. investor—certainly compared with Daimler, where earnings are moving up again this year. See also Page 16

### Associated Dairies

Associated Dairies has maintained its status as one of the fastest growing food retailers by increasing sales in the November-May period by 51 per cent. Pre-tax profits for the six months are £2.25m. higher at £6.23m., and about £800,000 of the improvement is the result of the combination of a week's extra trading, a £350,000 retrospective milk margin award and a rise in interest receipts from the substantial increase in cash holdings. So the pre-tax total for the full-year emerges £2.47m. up at £9.88m. The group is also talking candidly about "extremely buoyant" stores trade so far this year. However, these strengths have already been reflected in a very strong share price performance during 1975, taking the p/e up to 13.8. See also Page 15

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3. The dollar appears undervalued and the U.S. balance of payments is fundamentally sound.
4. U.S. interest rates have fallen sharply.
5. The U.S.A. is a self-sufficient as to food and 60% as to oil.
6. Both political parties, and the Labour unions, are totally committed to a capitalist economy.

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### The Portfolio

As at the 22nd August 1975, portfolio was invested as to 73.1% in the stocks and bonds held, 26.9% in awaiting investment.

Investment in:

Boeing Northwest Airlines General Motors American Express Dow Chemical Union Carbide A.T. & T. Colgate American Home Products Reckitt-Dickinson Lilly General Electric Westinghouse Aeras American Express Bank of America Chemical N.Y. Citicorp Manufacturers Hanover Mecca Quaker Oats Borden's-Erie Campbell's Aluminilium Co. of America Farnco U.S. Steel

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